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## CHINA REPORT

### ECONOMIC AFFAIRS

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## NATIONAL POLICY AND ISSUES

### BEIJING PROPAGANDA DEPARTMENT HOLDS FORUM ON ECONOMIC THEORY

HK241452 Beijing City Service in Mandarin 2300 GMT 17 Nov 80

[Text] According to a BEIJING RIBAO report, the propaganda department of the Beijing Municipal CCP Committee recently held a forum on economic theory. Some 80 people attended the forum, including theorists, responsible personnel of enterprises and cadres of the bureaus concerned. Focusing on the four proposals of the central secretariat for the work principles of Beijing Municipality, the forum discussed the municipality's problem of reforming the economic and political systems. During the forum, the participants emphatically discussed problems in implementing the central secretariat's four proposals for Beijing Municipality's work principles. All participants held: in order to implement the central secretariat's four proposals, we must correct our ideological line. Reviewing the past situation, they said: during the reign of the gang of four, Beijing Municipality suffered seriously. After the smashing of the gang of four, major leaders of the Beijing Municipal CCP Committee clamped down the lid for 2 years and did nothing. Even at the time of the smashing of the gang of four, many kinds of work remained unchanged. After the third plenary session, Beijing Municipality lagged behind where the criterion of truth was concerned. Since the central secretariat put forward the four proposals, Beijing Municipality has lacked specific and effective measures to promote political and ideological construction, beautification of the environment, scientific and cultural construction and economic construction which meets the demands of the capital. The housing problem has been acute and some people have suffered while others have been satisfied. The authorities have been unable to find solutions to food, clothing and transportation problems. In addition to this, some other problems have begun to grow. It will be difficult for us to solve these problems unless we correct our ideological lines now, face the masses and proceed from the actual conditions to formulate necessary measures and improve our work styles.

The forum also carried out serious discussions on reform and readjustment of the economic and political systems in Beijing Municipality. All participants unanimously held: It is absolutely necessary to readjust and reform the economic system of Beijing Municipality. If we do not carry out readjustments, Beijing Municipality will never meet the demands of the four modernizations nor will it advance. However, the participants held diverging points of view regarding how to carry out readjustment and reform. Some comrades advocated vigorous readjustments and reform and some advocated mild ones, fearing that vigorous readjustments would end up in a mess. Regarding the political system, many comrades held that reform was also necessary on the whole, and that the orientation was correct. However, some comrades



thought that conditions were not yet ripe. Other comrades reflected that some leading cadres did not have a clear understanding regarding reform of the political system, saying: What are the flaws of the original system of CCP committees: capitalist countries demand money and socialist countries demand power. If there is no power, how can the party lead us?

The meeting held: It is normal for diverging opinions on readjustment and reform of the economic and political systems to exist. Our party already possesses the correct political and ideological lines, and we can obtain unanimous opinion through upholding the principle of seeking truth from facts, emancipating our minds, launching investigations, studies and equal discussions. The meeting also held: We must fully motivate the activism of all people in the municipality. Currently, a problem that needs immediate action is to adopt decisive measures to prevent some leading cadres from promoting privilege seeking by means of their position of power.

In conclusion, many participants at the forum proposed that major responsible comrades of the municipal CCP committee and the municipal government and comrades in charge of theory work attend this kind of important meeting from now on to listen to the opinions of experts and comrades engaging in practical work. This not only improves their own standard of theory, but also help them formulate policies and principles.

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## NATIONAL POLICY AND ISSUES

### MORE ENTERPRISES TO GET DECISIONMAKING AUTONOMY

Hangzhou ZHEJIANG RIBAO in Chinese 29 Oct 80 p 1

[Article: "On Increasing Decisionmaking Power of Enterprises"]

[Text] In his report on the work session of the Provincial Party Committee, Comrade Tie Ying [6993 3841], first secretary of the Provincial Party Committee, said: "We will go all out next year, on the basis of the summations of our key experiments, to extend decisionmaking power to all state-operated enterprises in the province, so as to allow them even more autonomy in personnel administration, finance, material resources, supply, production and marketing. At the same time, more enterprises of different kinds will be selected to experiment with independent accounting, state taxation, and responsibility of enterprises for their own gains and losses."

He pointed out that the extension of the decisionmaking power of enterprises is a vital link in the reorganization of economic administration. An all-out extension of the decisionmaking power of enterprises directly involves those sectors in charge of finance, commerce, foreign trade, material resources, commodity prices, banking, labor, and personnel. This means that we must do a good job of our ideological and organizational work in order to reach a consensus and take concerted action to implement the reorganization of the system of economic administration. As a relatively independent economic unit engaged in commodity production, every enterprise, once given extended decisionmaking power, will feel motivated to develop its production. Party committees, governments, and economic departments at all levels will have to raise their understanding and strengthen their leadership. The responsible comrades of governments at and above the county level should take overall command to bring about a reorganization of the system of economic administration geared to the extended decisionmaking power of enterprises. The leading economic organs at all levels must work closely and assume responsibility to improve their own work and modify their workstyle in order to redirect their priority to "service, coordination, overall planning, and supervision." To insure unobstructed implementation of the program, they must study new developments, solve new problems, sum up new experiences, and modify any of their own rules and systems that are incompatible with the program to extend the decisionmaking power of enterprises.

As directed by the Party Central Committee and the State Council, Comrade Tie Ying said the enterprises should be given more decisionmaking power to plan production handle funds, procure material supplies, market products, adjust prices, hire qualified workers, and hire and fire employees. The question now is how to put this into practice. Due to contradictions between extended decisionmaking power and existing

regulations, some units which had experimented with extended decisionmaking power are still denied the rights accorded them by the State Council and the provincial people's government. We have to work a practical solution to this problem. If these regulations in question were issued by the provincial, regional, municipal, or county government, they should be amended to accommodate the extension of the decisionmaking power of the enterprises.

He said the experiments with independent accounting, taxation by the state, and responsibility of enterprises for their own gains and losses should be actively pursued. The enterprises selected for the experiments should be representative of those paying more tax than the profit they earn, those earning more profit than the tax they pay, those paying very little tax and earning very little profit, and those earning a rapidly increasing amount of profit. This variety provides opportunities for comparison and new experiences to sustain the systematic execution of the program.

Comrade Tie Ying said the decisionmaking power of educational, scientific research, and commercial units should also be extended. Various localities have begun since last year to select some of these units to carry out this experiment. Now it is time to sum up experiences and expand the scope of the experiment.

The extended decisionmaking power of enterprises should be accompanied by democratic management, because socialist enterprises are run by their staff and workers. This means not only letting managerial and technical personnel have both authority and responsibility commensurate with their positions, but also letting the staff and workers have the authority to manage the enterprises. Every enterprise should form a strong congress of representatives of staff and workers or a congress of staff and workers as a vehicle to carry out political, economic, and production democracy and to extend the power of the staff and workers to manage the enterprise and supervise its cadres. Guided by rules laid down by the party and state, it deliberates and decides on production and business programs, production plans, commodity supply and marketing, and matters relating to labor, wages and welfare. It decides on the discharge of staff and workers and has the authority to elect and recommend the appointment and removal of the leading administrative personnel of the unit. A factory director is the administrative leader of an enterprise who is responsible for its production and business management. He reports periodically to the congress on his work and accepts its scrutiny and supervision. He has to have the consent and cooperation of the workers' union in day-to-day matters concerning the personal interests of the staff and workers. Once a congress of representatives of staff and workers or congress of staff and workers is organized, the establishment and composition of its permanent organs will be worked out by trial and error as the system functions in practice.

Comrade Tie Ying said the reorganization of the commercial system must follow closely the extension of the decisionmaking power of enterprises, because the existing commercial system is full of flaws. While adhering to the principle of combining planned market adjustments and adjustments by market forces, the latter must be brought into full play under the guidance of state plans, in order to build a diversified economy with less compartmented multichannel circulation of commodities. The following are the major areas awaiting immediate reform: First, rigid control of the procurement and marketing of merchandise must be restructured and broken down into four different vehicles of management, according to the availability of the

means of production in relation to their supply and demand in the national economy. These vehicles should include centralized procurement and sale, planned placement of orders for goods, preferred orders for goods, and free procurement and sales. Second, the problem of too many checkpoints in merchandise circulation must be resolved. Under the existing commercial system, merchandise circulation and management are structured according to administrative divisions. That is to say, "Each level of government administration is matched by a corresponding level of wholesale service and each checkpoint entails an additional item of expenditure." The circulation of commodities must be organized according to economic regions, so as to allow inter-regional procurements and sales. Third, there must be more channels of circulation to encourage the production sectors to take up circulation operations and to help collectively owned enterprises and individual retailers do business, so as to activate the circulation of commodities through state-operated, collective, and individual channels.

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## NATIONAL POLICY AND ISSUES

### PRC STATE ECONOMIC COMMISSION TO STRESS RESULTS

OW121240 Beijing XINHUA Domestic Service in Chinese 1405 GMT 11 Dec 80

[Text] Beijing, 11 Dec (XINHUA)--In arranging for the production work of the industrial and communication front in the first quarter of 1981, the responsible person of the state economic commission laid stress on enhancing economic results in industrial and communication production next year.

This responsible person made this remark at the production management meeting held by his commission on 9 December. He said that in economic work next year, the principle of laying stress on readjustment must be resolutely implemented. Therefore, in arranging for the production work for the first quarter next year, it is necessary to consolidate enterprises and do a real good job in readjustment; to selectively expand the production of products of good quality, great demand and low cost and consumption; and to close, suspend, merge or transform those enterprises whose products can hardly find markets and are of poor quality, high cost and high consumption and which have been running at a loss for a long time.

Production should be so arranged as to meet the needs of the society. Products in good demand but short supply must be increased. Energy, building materials and communications and transport industries must be steadily developed and in particular, the light industry must be developed at a greater pace. Economic planning and guidance and administrative control over the macroeconomy must be strengthened so that repetitive production projects and blind expansion of production capability are put under strict control.

This responsible person dwelled emphatically on light industry. He urged that light industry must make great efforts to improve its product quality, increase variety, and produce more products of high and medium quality so as to still better meet the people's need, increase revenue and stabilize the market. Great efforts should be made to ensure light industry and of its needed fuel, power and raw materials.

To well arrange the production work of industry and communication in the first quarter of 1981, said this responsible person, it is necessary to strengthen the leadership and the political-ideological work. All departments and localities must send cadres to basic-level units to help solve problems arising in the course of production work. The state economic commission also has to send cadres of work on the spot to take effective measures to implement the industrial and communications production tasks for the first quarter of 1981.

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## NATIONAL POLICY AND ISSUES

### DEADLINE FOR ECONOMIC READJUSTMENT EXTENDED

HK050324 Hong Kong WEN WEI PO in Chinese 5 Dec 80 p 3

["Random Talk on the News" column by Lin Wei: "Further Extension of the Deadline for Economic Readjustment"]

[Text] The 2d session of the 5th NPC in May 1979 put forward a plan for readjusting the national economy, which prepared to complete this task in 3 years. At the beginning of this year, the then Vice Premier Deng Xiaoping said when receiving foreign guests that the readjustment might be extended 1 year, thus lasting 4 years.

However, it seems now that this plan has been changed yet again and that the deadline for completing the readjustment has again been extended. The RENMIN RIBAO editorial of 2 December, entitled "Resolutely Implement the Principle of Readjustment in an All-Round Way" pointed out: "It now appears that the task of readjustment cannot be completed in 3 years but will take longer than that. By doing the foundation work in a thoroughgoing way, standing firm, and being filled with vitality, we will be able to advance with strong steps in future. In this way, it may appear on the surface as though our speed has slowed down, but in fact the economic results will be much better."

It can be said that this RENMIN RIBAO editorial marks a major turning-point in China's future national economic development. People could judge that this was a weighty pronouncement simply from the way it was presented. In recent years most RENMIN RIBAO editorials have been carried partly on the front page and partly on an inside page, but the editorial in question not only took up about three-fifths of the entire front page, where it was carried in full, but its title also appeared in the large type that has been seldom used for editorial titles in recent years.

This editorial is obviously important. It has at least revealed that the readjustment is extended, and that itself is a major news item.

Why is the readjustment being extended?



One thing is that in the past 1 year and more of readjustment work a number of new problems have been encountered, such as the decline in grain production due to serious natural disasters; imbalance has developed between energy exploitation and reserves, output cannot be guaranteed, finances have gotten into the red, and so on and so forth.

Another thing is that cadres at all levels on the industrial front have not done well in implementing readjustment. Some of them are apprehensive and wavering, and some even openly or secretly resist readjustment. The result is that capital construction projects that should be halted are not and projects that should not be started are.

The writer has already pointed out in these columns that readjustment of capital construction cannot just be carried out by relying on people's awareness; it is simultaneously necessary to wield the axe in a big way and apply administrative measures. In the course of the State Council's handling of the Beijing Dongfang Chemical Plant, people have seen the central authorities' resolve to force a halt to projects that were forcibly started despite criticism. Today, in the RENMIN RIBAO editorial, people see still more clearly the attitude of the Beijing authorities: "Apart from adopting various effective economic measures in readjusting the national economy, it is also necessary to carry out the necessary administrative intervention."

The extension of the deadline for economic readjustment has been caused by objective circumstances. Although the extension of readjustment means that speed will slow down a bit, if the foundation is firmly laid, things may be done slower today but they will be done faster tomorrow.

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## NATIONAL POLICY AND ISSUES

### PRC ECONOMIC JOURNAL ON RESPONSIBILITY FOR OUTPUT QUOTAS

HK290616 Beijing JINGJI YANJIU in Chinese No 10, 20 Oct 80 pp 38-42

[Article by Zhou Cheng (0719 6134), specialists on agricultural economy at the Chinese People's College: "Discussion on the System of Responsibility for Output Quotas by Production Teams in Rural People's Communes"]

[Text] During the 10 chaotic years, Lin Biao and the gang of four advocated the ultraleftist line and under the banner of the so-called "putting politics in command" they negated socialist business management. All the management systems and methods that have been proven effective by rural people's communes for a long period were branded as "capitalism" and "revisionism" which caused unfathomable damage. Following the downfall of the gang of four, some of the systems and methods such as recording workpoints based on fixed norms, "To know 1 year in advance" and the system "of responsibility for output quotas" have been reintroduced and have been developing again in the people's communes. Over the past 2 years, the people's communes in various places throughout the country have accumulated rich experiences in practicing the "system of responsibility for output quotas" (the system of responsibility for agricultural output quotas with labor pay calculated on the basis of the output; it is also called the "system of responsibility related to output"). Yet there are still some problems and this article is intended to study some of them theoretically.

#### I. The System of Responsibility for Output Quotas Has Long Been Practiced With Apparent Benefit to our Agricultural Collective Economy [subhead in boldface]

Before we study this question, it is imperative to review the history of the system of responsibility for output quotas in our agricultural collective economy.

The system of responsibility for output quotas that is being gradually introduced in many people's communes and production brigades and teams is not new. In fact, it first emerged in the period of elementary agricultural producers cooperatives. It gained the attention of the party and the government and was widely used during the whole period of agricultural cooperatives.

As early as 16 December 1953, the party Central Committee pointed out in its "Resolution on Developing Agricultural Producers Cooperatives": "Some cooperatives that are experimenting with the system of yearly responsibility for plowing and output

quotas may be helped, if such help is welcomed by the masses, to constantly sum up their experiences so that such labor organizations can be gradually perfected." On 31 July 1955, the party Central Committee suggested in its "Resolution on the Questions of Agricultural Cooperatives": "On the basis of the system of seasonal and yearly responsibility for jobs, the system of award for those who overfulfill output quotas must be introduced. Those who overfulfill their output quotas must be awarded while those who fail to do so must have their labor pay deducted." On 9 November 1955, the Standing Committee of the National People's Congress passed the "Draft of Exemplary Regulations for Agricultural Producers Cooperatives" and pointed out that "Agricultural producers cooperatives must strive to introduce a system of plowing by stages and seasonal responsibility for jobs (small scale responsibility) so as to gradually introduce yearly responsibility for jobs (big scale responsibility). When the system of yearly responsibility is implemented, the system of award for overfulfillment of output quotas must be introduced." On 30 June 1956, it was redefined by the National People's Congress when it passed the "Draft of Exemplary Regulations for Higher Stage Agricultural Producers Cooperatives" that "agricultural producers cooperatives may introduce the system of award for overfulfillment of the responsibility for output quotas." In its "Directives for Doing a Good Job of the Production Management of Agricultural Cooperatives," (14 September 1957) the party Central Committee further pointed out that "the systems of responsibility for work, output quotas and finance must be popularized." It has been proven that during the whole period of agricultural producers cooperatives, the party and government both paid attention to and advocated the system of responsibility for output quotas. The wise use of the system for responsibility for work, output quotas and finance and the practice of awards during the period of agricultural cooperatives helped us to gain rich experiences. In his book "The Socialist Upsurge in China's Rural Areas" Comrade Mao Zedong included two articles on experience in implementing the "system of responsibility for work and output quotas" and other articles on experience in implementing the "system of responsibility for finance." A number of other articles and pamphlets about the system of responsibility for output quotas were also published. Even now when we read these articles, they remain fresh to us because in carrying out such a system today we encounter the same problems that appeared when the system was first introduced.

The "System of Responsibility for Output Quotas" was abolished in 1958, the early period of the establishment of the people's communes that was characterized by the tendency to affect the transition of communism prematurely and the tendency of pursuing things large in size and collective in nature. The system of "three-level ownership by the people's commune, the production brigade and the production team with the production team as the basic accounting unit" was introduced in 1962. At that time, the system of responsibility for work, output quotas and finance and the system of award should have been introduced and popularized. Unfortunately they were only restored in animal husbandry and sidelines production. It was true that such systems were also restored in farm production, but the extent of the reintroduction of the system of responsibility for output quotas was even far below that of during the early period of agricultural cooperatives. During the chaos that lasted for 10 years, Lin Biao and the gang of four carried out the ultraleftist line and the system of responsibility for output quotas was once again abolished. But even when the "four pests" were rampant, a few units covertly restored the system of responsibility for work, output quotas and finance and the system of award in large-scale farm production.

The 3d Plenary Session of the 11th Party Central Committee pointed out: "Under the premise of distribution and unified accounting by production teams, work teams may be assigned the responsibility for work, with labor pay based on output quotas and award given for overfulfillment of the quotas." Following this instruction, the system of responsibility for output quotas has been used by more and more units in large-scale farm production and it has been welcomed by the broad masses of commune members. The implementation of the system of responsibility for output quotas in our agricultural collective economy proves that a scientific, practical and efficient management system has strong vitality. It will stubbornly open up its own road and it cannot be abolished at will.

The system of responsibility for output quotas has not only been practiced in our country for a long period, it has only recently been used in other socialist countries. For example, the cooperative farms in Korea have operation teams (equal to production teams in our country) that manage operation groups and basic labor units. The operation teams place responsibility on operation groups for "fixed work and output quotas with award given for overfulfillment of quotas." The agricultural producers' cooperatives in Romania give "additional award" to the production teams that meet yearly production plans.

As a management system, the system of responsibility for output quotas is beneficial to improving production and reducing production costs. Reference materials about the use of this system in the period of agricultural cooperatives and over the recent years proved that the implementation of the system helped increase farm products by 10, 30 or even 50 percent. On the other hand, production costs generally dropped by 10, 30 and 40 percent.

## II. Implementing the System of Responsibility for Output Quotas Is in Line With Implementing the Principle of "Distribution According to Work" in Agricultural Production [subhead in boldface]

The reason that the system of responsibility for output quotas has vitality is that it aids in better implementing the principle of "distribution according to work" in agricultural production.

In carrying out the principle of "distribution according to work," the rural people's communes and production teams have demanded that all labor pay for commune members accord with their work. Therefore, they first demanded that peasants' labor pay (workpoints) in daily production accords with the amount and the quality of their daily work. It is thus necessary to use a certain form of labor pay and the form that has gradually come into use is that of workpoints based on piecework. But in agricultural production, daily work is hard to evaluate in regard to time needed to produce the final results of labor—agricultural products. In addition, the quality and quantity of agricultural production are not as specific and explicit as those in industry. It is also more difficult to check the quality of agricultural operation, therefore if the labor pay for commune members is merely decided by the fulfillment of their daily work, it is often difficult to make labor pay accord with the work done. Whether the work done by commune members is completed in time with the quality and quantity meeting the demand can only be measured by crop output. That is to say, it is more accurate to measure their daily work (including the quality and quantity) by the fruit of their labor—output of agricultural products.



Therefore in carrying out agricultural production it is necessary to "link output with labor pay" so as to enable labor pay to accord with the work done. That is to say, labor pay for commune members' daily work may be readjusted (added or deducted) according to the output situation; or that "labor pay may be directly based on output" ("To pay according to output"). Such is the essence of the system of "responsibility for work and output quotas." It is also the main point and core of the system of responsibility for output quotas. The nature of the system of "linking output with labor pay" is similar to the piecework wage system in industry. The practice of the system of "linking output with labor pay" will enable commune members, operation units, individuals and small collective units to be concerned, from the point of their material interests, with the quantity and quality of their work as well as the output of crops. In such a situation, the problem of checking the quantity and quality of work can thus be solved. It also will help solve the problem of "pursuing higher workpoints with disregard for high output" and encourage operation units to take measures to deal with changes within natural conditions and crops' growth so as to attain higher output. It will be more complete if the "responsibility for finance" is added to the system of "responsibility for work and output quotas." Because with this complete system both commune members and the units that are responsible for output quotas will strive to increase output and reduce costs in order to increase both output and their income. Therefore, the system of "responsibility for finance" must be regarded as an important part of the system of "responsibility for output quotas."

In carrying out the system of responsibility for output quotas, the output of crops is the criterion to measure labor consumption. Therefore, it is very important to fix output quotas properly because by doing so the actual output can readily and correctly reflect labor consumption. If the quotas are fixed too high or too low, they would be easily or hardly reached. Under such a situation, the output cannot correctly reflect labor consumption and it can not be used as a means for awarding or punishing. This situation does not accord with the principle of "distribution according to work." In fact we gained such experience during the period of agricultural cooperatives. "The directive of the party Central Committee on doing a good job in production management of the agricultural cooperatives" (14 September 1957) pointed out: "Under the conditions that production teams have actively overfulfilled their production plan, the target for the responsibility for output quotas must be fixed below the planned quotas so that the production teams will be able to overfulfill their quotas and to get deductions so as to encourage the initiative and creativeness of commune members." This directive also stipulated the principle of "more award, less punishment." It has also stipulated how, when natural disasters occur, to readjust the fixed output quotas and how to carry out awarding and punishing rationally. All this is of practical significance even today. In carrying out the system of responsibility for output quotas, some places calculate crops' output according to their value or calculate net income by deducting production costs from output value. Experience has proved that so long as output quotas and the quotas for net income are fixed rationally, the above calculating methods still can reflect labor consumption rather correctly. In fact to replace output quotas or output value quotas with net income quotas is to include the system of responsibility for finance ("responsibility for costs" or "responsibility for production expenses") in the system of responsibility for work and output quotas. Thus with quotas concentratedly reflected, it is easier to see the advantages of these systems.



Some comrades have doubts about the system of responsibility for output quotas and one of the main reasons for them is that they still cling to equalitarianism. They hold that in carrying out this system, some people will be awarded while some others will be punished, thus the income gap among commune members in a basic accounting unit will be broadened and cause polarization. In fact, so long as we correctly formulate and carry out the system of responsibility for output quotas and the standard for awarding and punishing, the difference of labor pay among commune members will meet the demand of "labor pay in accord with the work done," therefore the difference is correct. Such difference is in fact the difference of richness in carrying out the principle of "distribution according to work," and it has nothing to do with "polarization." On the contrary, it is only when the system of the responsibility for output quotas is carried out can we effectively overcome equalitarianism that exists in distribution in rural people's communes and production brigades. Only by so doing will we be able to make labor pay more correctly accord with the work done and carry out still better the socialist principle of "distribution according to work." Therefore, in addition to those that are engaged in planting agricultural crops, all other departments of forestry, animal husbandry, sideline production and fisheries, agricultural production units under collective ownership and state farms and enterprises must also carry out such a system. In fact, the state farms are carrying out various systems of responsibility for output quotas and award that are similar to those carried out by rural people's communes.

### III. The System of Responsibility for Output Quotas Meets the Need of the People's Communes and Production Brigades and Teams in Organising Labor [subhead in boldface]

The reason that the system of responsibility for output quotas has vitality is that it meets the need of strengthening the work of organizing labor within the production teams.

An specialized mass production needs a complete method for organizing labor. The rural people's communes and production teams are agricultural enterprises with a certain scale of production. They have certain amounts of laborers, land, animals and tools. In order to carry out production smoothly, agricultural units must be set up according to the features of various departments and various types of work so that division of labor and coordination can be carried out in an orderly manner within the spheres of different spaces and times. Such measure is very important in coordinating the mutual relations of people in the process of production and in coordinating the work of organizing labor.

In addition, the people's communes and production teams themselves have to form the system of responsibility for production. Lenin said that people must understand their "responsibility for carrying out certain tasks and actual work" ("Collected Works of Lenin," "Draft Regulations on the Management Work of the Soviet Organs," vol 28, p 329) The system of responsibility is closer to what Lenin said about carrying out the responsibility for output quotas than that for actual work and meets the demand that "a certain people are totally responsible for the work they are to manage." ("Collected Works of Lenin," "Note to (A.I. Yelijałova) [1344 9122 0673 0448 2089 5012 1216]" vol 36, p 554) Because by so doing, the responsibility for actual work can be implemented through the system of responsibility for output quotas while the economic activities for the material interests of the operation

units can be strengthened so that these units can actively display their role as "combat groups" within the production teams. For people's communes, production brigades and production teams, to establish labor organizations is complementary to establishing a rigid system of responsibility for production quotas because such organizations are in the interest of carrying out the system of responsibility for production quotas. A rigid system of responsibility for production quotas is beneficial to promoting and consolidating labor organizations. Thus to carry out the system for responsibility for output quota is an important measure for people's communes and production brigades and teams in promoting and developing labor organizations by dialectically combining the system and the organizations.

Generally speaking, the size of an operation unit is determined by whether or not it can independently carry out most of the operations on a large area of land from preparing the land right to harvesting. In this way, the unit will be concerned with the output of the crops and will be responsible for the fulfillment of output quotas. But concretely speaking, the size is determined by the conditions of production and productivity of the production teams themselves, the size of their fields that are linked together, the number of production departments, the acreage for crops and the level of mechanized production. Marx said that "the composition and division of labor is decided by the number of farm tools owned." ("Selected Works of Marx and Engels," "Poverty of Philosophy," vol 1, p 127) In general, the production teams without farm machinery or with a low level mechanized farming are characterized by inefficient farm tools, small-scale labor division and coordination, highly dispersed production, a small amount of land and small-scale operation teams. On the other hand, the production teams with a quite high level of mechanized farming are characterized by tractor stations (teams) that are responsible for most field work, while the main job of production teams is to do complementary job or field management odd jobs. In this situation, the output of the crops is not closely related with the field work of the operation teams. Some state farms with high mechanization have placed the system of responsibility for output quotas on their production teams that have tractors. But generally speaking, it is more proper for the people's communes to place the responsibility for production quotas on operation teams (or specialized teams).

Some comrades uphold that since operation teams are small in size, production teams will lose their superiority of collective labor, division of labor and coordination if they make operation teams as the units responsible for output quotas. Therefore, they have regarded the measure as a "step backward" in production relations in the rural people's communes.

In discussing this problem, we must proceed from the actual conditions of the productivity of our agricultural collective economy. From a long-term point of view, there exists a tendency in our agricultural economy of blindly pursuing what are "large in size and collective in nature." The role of the production teams is often reiterated with regard to organizing labor within the production teams, as if the superiority of their collective labor, the division of labor and coordination can only be displayed only when everything is unifiedly readjusted by the production teams themselves that act as operation units. Such a measure is no doubt wrong. The size of the current production teams is decided by the productivity in rural areas and there exist the relations of the division of labor and coordination among

them. Within the production teams, the operation teams constitute an entity of labor organization that is divided into operation teams that divide the labor but on a coordinated basis. Therefore such operation teams will help production teams fully display their superiority of mass production. Due to the division of specialization and groups, these teams will also help develop the superiority of mass production.

#### IV. Correctly Handle the Economic Relations Between Production Teams and Operation Teams To Display Fully Their Functions and Roles [subhead in boldface]

If the production teams place the responsibility for output quotas on operation teams, the economic relations between them must be correctly handled so as to meet the demand in carrying out the principle of "distribution according to work" and in rationally organizing labor. But these relations are in fact the concrete production relations within the production teams themselves. To correctly handle these relations means to do a good job of the economic management system within the production team, fully bring into play the function and role of both the production teams and operation teams and promote the whole collective economy of the production teams without changing the basic system of the rural socialist collective economy.

But before the relations between the production and operation teams are correctly handled, we must first clearly designate the nature and features of both production teams and operation teams. As basic accounting units, the production teams are in fact agricultural enterprises with independent accounting that assume sole responsibility for both their own profits and losses. The operation teams are units within the production teams with a relatively independent nature. They are an organic part of the production teams. Thus according to their nature and features, the economic relations of the operation teams with the production teams are in fact the relations between the principal and the subordinate. Therefore the principle for correctly handling relations between them is: "Big unity and small dispersion" and "unity but flexible and dispersion in an orderly manner" so as to meet the demand of "unified leadership and management by various levels." "Big unity" and "unity but flexible" meant that as an enterprise, a production team must carry out unified leadership and management over the economic activity through the production team; but this measure must in no way obstruct the production and economic activities of the operation teams. "Small dispersion" and "dispersion in an orderly manner" mean that under the unified leadership and management of the production teams, the operation teams display their initiative to fulfill various tasks but must in no way become "teams among teams" by doing things in their own way or even actually becoming basic accounting units.

The basis for the economic relations between the production teams and the operation teams are economic rights, economic obligations, economic responsibilities and economic interests. As basic accounting units, the production teams mainly manifest their functions and roles by carrying out the necessary unified leadership and management over the whole production teams and over the operation teams. For example, the production teams unifiedly formulate and implement production plans, unifiedly use big and medium size means of production and, if necessary, unifiedly adjust the assignment of laborers in coordination, unifiedly calculate profits and losses and distribute income. These are the so-called "unifications." Generally speaking, such unifications are indispensable for production teams to maintain their position as basic accounting units. Under such a premise, it is necessary to define the



economic rights, obligations, responsibilities and interests of the operation teams so as to enable them to carry out the system of responsibility for output quotas. For example, these rights, obligations, responsibilities and interests must include "fixing duty"--define the acreage to be plowed by the operation teams and crops' output quotas (the so-called defining output quotas that should be fulfilled); "fixing staff" (labor power)--define the number of laborers to be basically used by the operation units for 1 year's production tasks; "fixing the number of animals and tools"--define the number of the animals and medium and small farm tools that are to be used by the operation teams (whether the animals and tools are to be fixedly used by the operation teams depend on the scale of the work and the number of the animals owned by the production teams); "Fixing expenses" (defining costs or "responsibility for finance")--"Placing financial responsibility" on operation teams for production expenses for a whole year; "fixing the number of laborers used" ("responsibility for work")--define total workpoints that are to be arranged by the operation teams. In general, the operation teams are not in a position to "retain surplus laborers or to ask for additional laborers when there is a shortage of laborers," "fixing awards and punishment"--according to the overfulfillment or underfulfillment of the responsibility for production quotas, the original total workpoints of the operation teams will be proportionately added (awarded) or deducted (punished) to finally determine their total labor workpoints that are to be unifiedly distributed by the production teams.

All the "unifications" and "fixings" mentioned above will closely link the economic relations between the production teams and the operation teams. These systems will ensure the position, function and role of the production teams as basic accounting units to the benefit of their operation teams in carrying out the system of the responsibility for output quotas. These systems will also combine organizational management by the production teams with the flexibility of the operation teams in carrying out production independently so that both the production teams and the operation teams can fully bring into play their functions and roles to develop agricultural production.

CSO: 4006

## ECONOMIC PLANNING

### RELATIONSHIP BETWEEN PRODUCTION, CONSUMPTION ANALYZED

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[Article by Zhou Wanjun [0719 8001 6874] Anhui Institute of Finance:  
"Several Questions on the Relationship Between Production and Consumption"]

[Text] The question of the consumption by laborers has not been discussed thoroughly for a long time. Both from the standpoint of theory and from that of summing up our understanding of the lessons of practical experience, there are marked weak links which are quite out of accord with the requirements of socialist modernization.

This article covers some academic views on the question of the consumption by laborers, analyzing and probing them simply for the instruction of comrades in academic circles.

The first question: Did Marx pose the problem as follows: "Production is manifested as the starting point, consumption as the end point, and distribution and exchange as intermediate links?". In journals and documents, this quotation is often cited as evidence of Marx' positive view. An example of this is the article "Consumption and Production" by Comrade Kuang Haolin [0400 3185 2651] appearing in the "Economics" section of GUANGMING RIBAO on 28 April 1979.<sup>1</sup>

Comrade Kuang Haolin correctly cites Marx' viewpoint in the introduction to "A Critique of Political Economy" that production, distribution, exchange and consumption are various links in an overall whole, that they are distinctions within a unified corpus. But Comrade Kuang follows this by citing "production is manifested as the starting point, consumption as the end point, and distribution and exchange as intermediate links" as Marx' viewpoint, and on this basis expounds upon the determining action of production and the reaction of consumption and other links to production.

The spirit of the original work precludes us from considering this quotation as a proposition by Marx. In fact, it is a narrative criticism by



Marx of the viewpoints of bourgeois economists on this question. This superficial viewpoint of the bourgeois economists was based on a superficial idea of economic activity. It is this that Marx took as an object of criticism when he scientifically expounded his own thinking on the mutual relationships between production, exchange, distribution and consumption and exposed and criticized the philistine component of the others. Simply put, the argument is as follows:

First, at the beginning of the same paragraph as the cited quotation, Marx correctly points out, "Their superficial idea is. . . that production is manifested as the starting point, consumption as the end point, and distribution and exchange as intermediate links. . ."

Second, in the paragraph preceding this quotation, the opening paragraph in the chapter, Marx points out, "Before further analyzing production, we must investigate the following several items which economists juxtapose with production."<sup>3</sup> Of course, the economists referred to here are neither Marx himself nor Marxist economists, but bourgeois economists. This is followed by Marx further narrating and criticizing the superficial relationships indicated by the bourgeois economists in juxtaposing items such as distribution, exchange and consumption with production. As brought out in the narrative criticism or critical narrative, speaking of starting points and end points is a way of generalizing the superficial ideas held by the bourgeois economists.

Third, in his analysis of this superficial idea, Marx further revealed how the bourgeois economists took this to form "a standard three-stage exposition, with production being general, distribution and exchange being particular and consumption being individual, with the whole thing being joined together. Of course this is a kind of relationship, but it is a kind of superficial relationship."<sup>4</sup>

We should say that the foreword of the second chapter of the introduction to the "Critique on Political Economy," that is, the portion we have quoted above, consists entirely of a criticism of the idealist, metaphysical viewpoint of bourgeois economists in separating, juxtaposing or treating as equal production, distribution, exchange and consumption. It serves as a contrast to the positive exposition by Marx. Reading between the lines clearly shows Marx' critical attitude.

To be concrete about the relationship between production and consumption, the main point stressed by Marx is that production and consumption must be understood as an active process. When they are treated as an active process, Marx stressed that consumption is an internal factor in productive activity. First, consumption not only enables products to become the ultimate act of products, but it also lets producers become the ultimate act of producers. Products become an active principal target. If no one consumes them, their existence has no meaning. Second, the actual consumption of products creates new needs and conceptually raises the

targets of production. This not only leads anew to production, but it also becomes an internal driving force for the development of production. Third, through the reproduction of labor power realized by the laborers through individual consumption, that which is for the sake of a product creates the main body for that which is for production. This is a basic condition for social reproduction to be carried out continuously.

Marx' analysis fundamentally destroyed the superficial view of the bourgeois economists that "the products in consumption depart from social activity" and that they are the "end point." In addition, at the same time that Marx profoundly revealed the direct identity between production and consumption, he also lucidly analyzed the opposition of the two, pointing out, "The direct unity of combining production with consumption and consumption with production does not exclude their direct opposition."<sup>5</sup> Thus we can see that Marx analyzed the relationship between production and consumption as a unified corpus with active contradictions.

When we compare Marx' analysis with the beginning point-end point arguments and three-stage exposition methods of the bourgeois economists, we can see radiating here the illumination of materialist dialectics. Marx' theories treasure most highly the most outstanding cultural legacies of mankind while being good at throwing away the fake and retaining the genuine harbored therein and thereby absorbing the useful intellectual results. When another school, of bourgeois economists, treated distribution as an independent realm to be juxtaposed to production and raised their arguments about beginning and end points, Marx again, using his unique insight, affirmed views such as the one that production is the beginning point and how many saw their relationships on the surface and perceived the importance of production and paid serious attention to the scientific component of production. He pointed out sharply that this is was "nothing but the most philistine reproach" and that this kind of reproach "stands on the same base as, or even below that of" those reproached.<sup>6</sup> He thereby dealt head-on blows to the most philistine of them. But as analyzed above, we definitely cannot take these analytical affirmations and treat the above quotation as a proposition of Marx. I am afraid that the error in understanding of Comrade Kuang Haolin also is of this nature. The danger is that in denying that consumption is an internal factor and condition in the production process which influences many aspects of the development of production from within the process itself, the problem of consumption will be excluded from economics.

The second question: "No direct connection can be established between capitalist production and consumption. . . [but] since socialist production has eradicated the antagonism between social production and social consumption inherent in capitalism, production and consumption are linked together." Does this viewpoint correspond to the reality of economic motion?

This idea was raised by three comrades, including Tian Jianghai (1944 3068 3189). (In the article "To Not Heed the People's Livelihood Is to Betray Socialism," appearing in the "Political Economy" section No 30 of GUANMING RIBAO, 19 Dec 1977.) I think this idea is open to question. It is directly related to how to evaluate correctly the problem of the position and role of consumption in the economic motion of society.

First, there is a concrete epistemic problem in the form of the above viewpoint of Comrade Tian Jianghai et al. They aver that the goal of capitalist production is not the consumption of the masses of the people but the profits of the capitalists. How then can the masses' consumption be linked directly with capitalist production carried out for profit? Let us take a look at the actual conditions of the movement of a capitalist economy and at Marx' analysis of this problem!

Indeed, the sole purpose and absolute motive that capitalists have for engaging in production is to obtain profits. The consumption of workers is essential to the capitalists only within the limits of guaranteeing that they obtain profits. Only if they can create surplus value for the capitalists will workers be permitted to do labor or consume and thereby exist. Except for this, the consumption of workers disappears from the field of vision of the capitalists. Can we draw the conclusion from this that no direct link is established between the consumption of hired workers and capitalist production? Seen superficially, the consumption of a worker is a private, individual matter and has no relationship to capitalist production. In reality, the reproduction of labor power realized by a worker's consumption is an important condition for the maintaining of the capitalists' continuing exploitation of the workers. This belongs to the reproduction of the capitalist relations of production, that is, it is an important element in the capitalist relations of production. Without it, the capitalist relations of production and thereby capitalist reproduction would lose its base of wage labor. It is better to say that the holding of workers' consumption to the level of the reproduction of labor power is precisely one of the basic conditions for capitalist production, an internal direct determinant of capitalist production. At the same time, workers' consumption also enables products to achieve a final completion. But these products are not general products but those which include surplus value. So workers' consumption enables surplus value to be realized. From this we can see that the consumption by workers is directly linked to capitalist production in two regards: it allows surplus value production to continue and it enables surplus value to be realized. Therefore, workers' consumption is subordinate to capital. Without the consumption of wage labor and other people, there would be no production of capitalist surplus value. Therefore the viewpoint that no direct link can be established between capitalist production and consumption does not accord with reality. Nor does it accord with the basic principles of Marxist political economy.

Second, Comrade Tian Jianghai et al. said that due to the antagonistic nature of capitalist production and consumption, the two cannot be linked



directly with each other; and that since socialism has eradicated this antagonism, a direct link between production and consumption has been established. This viewpoint is also unacceptable. The antagonism between production and consumption under capitalism does not nor can it negate the direct link between production and consumption. All it does is vest this linkage with a specific class nature and explain the opposition of the fundamental interests of the two. This kind of antagonism is a condition which occurs in a direct linkage. If the two aspects of an antagonistic contradiction had no direct link, what kind of contradiction could form? What opposition would there be to speak of? If the two were not directly linked, the contradiction between the unlimited expansion of production and the relative restriction in the demands of those with the capability to make payments could not become a direct cause of capitalist economic crises. There would be no way to comprehend the conclusion that "the most fundamental cause of all genuine crises is always the poverty of the masses and their limited consumption."

The establishment of a socialist ownership system has eradicated the antagonism between production and consumption, but contradictions still exist. Links without contradictions are static and cannot change or impel each other. The viewpoint that under socialism there are only direct links without contradictions between production and consumption does not correspond to reality and is a one-sidedness produced under the new conditions.

Third, the error produced by the authors also lies in treating the role of capitalist consumption in obstructing the development of production as a cause and manifestation of being without direct links, and in treating the role of socialist consumption in promoting the development of production as a cause and manifestation of direct links. The article clearly claims that under socialism "the direct link between production and consumption impels the rapid development of the forces of production. Indeed, this is one prominent manifestation of the superiority of the socialist system over the capitalist system." Actually, the mutual relationship between production and consumption, by which I mean their mutual interaction, serves to promote as well as obstruct. Both aspects are generated in the direct linkage. The superiority of the socialist system over the capitalist system does not lie in establishing a direct link between production and consumption but rather in the nonantagonistic nature of this link. The economic crises which appear under capitalism damaging production are not caused by the lack of establishing a direct link between production and consumption but by the class antagonism in this direct link. The basic source of the role of consumption in promoting production is the direct link between the two. Basically speaking, to exclude the role of consumption in obstructing production from consideration of a direct link remains a kind of thinking which denies that the relationship between production and consumption is a contradiction.



At the same time, we cannot say that the contradiction between production and consumption only plays a destructive role in capitalist production. As noted above, it is a condition necessary to the existence and development of the capitalist mode of production. Although this kind of development is realized in cyclical destruction, it is a precondition for the exploitation of the laborers and the enormous waste of socialist labor. The programs proposed by the capitalists and their representatives to resolve the contradiction between production and consumption, fundamentally speaking, sharpen it and intensify it. But for a certain period, we cannot say that these things do not serve any role in developing production. A precondition for the genesis of this role is precisely the internal relationships of the contradiction itself. Under socialism, the relationships between production and consumption, by which I mean their objective economic conditions and economic benefits, cannot of course produce the same kind of destructive consequences as in capitalist society. But because the contradiction still exists, if people cannot correctly understand it and control it in appropriate ways, then these contradictory relationships can intensify. This is especially so when mistakes in line are produced, as when Lin Biao and the "gang of four" ran amok, sabotaging production and repressing consumption. We cannot deny that this is an important factor which has repeatedly brought the national economy to the brink of collapse. The superiority of socialism lies not in there being a direct link without contradictions between production and consumption, but in the change in the nature of this contradiction. We are relatively more able to analyze correctly this contradiction and handle it according to changes in objective conditions and the demands of economic laws.

The third question: "The problem of consumption is essentially a market problem." Does this correctly summarize China's historical experience or clarify the nature and position of consumption under socialist conditions?

This viewpoint was raised by Comrade Huang Baolin in the same article in his analysis of China's First Five Year Plan period. I think this formulation is also open to question.

First, the consumption which the author speaks of in summarizing the historical experience of China's First Five Year Plan is clearly a matter of consumption under socialist conditions. More concretely, it is a question of the consumption of the masses under socialism. We know that when we speak of the modes of daily consumption of the masses, we can separate them analytically into individual consumption with the household as the basic unit and collective welfare. Both kinds of consumption satisfy the constantly increasing needs by the masses for material and cultural livelihood. They both are demands in the interest of the masses. Because of this the nature of the problem of consumption under a socialist system is a problem of the goals of production determined by the nature of public ownership of the means of production, and it is a problem of actualizing the interests of the masses of the people. If we do not

recognize this soberly, we cannot fundamentally pay serious attention to consumption. We will produce for the sake of production, either consciously or unconsciously, and have fast growth for the sake of fast growth, and even set up public ownership for the sake of public ownership.

Second, the market is a sum total of exchange relationships between commodity producers. When the commodity economy occupies a dominant position, the materials replacement and value compensation demanded by commodity production are all carried out through exchange on the market for these purposes. The market is conditioned by the relationship between demand and supply and further conditioned by the relationship between production and consumption. To sum up the consumption of the socialist masses in a nutshell as essentially a market problem not only fails to deepen our understanding of the problem but, on the contrary, makes it into a superficial phenomenon of economic life.

Of course, a socialist market is necessary and important for the daily consumption of the masses. The vast majority of individual consumption goods are obtained through a market. The products, composition and even the mode of consumption can be reflected in market relationships. Moreover, we can affect the consumption levels of laborers with fixed incomes through changes in market prices and in modes of buying and selling. The market is an important link in promoting and limiting consumption and production. But it is not the essence of consumption. Rather than saying that a socialist market satisfies the needs of the urban and rural people, we should say that it is mainly a means of satisfying the needs of the peasants.

At the same time, a portion of the means of consumption of socialist laborers is supplied the laborers' consumption in the form of collective welfare. Examples include culture and education, hygiene and health, labor insurance, services and social relief. It is a supplemental mode for distributing socialist consumption goods. Charges are levied on some of them, while others are gratis. Some go through a market, while some basically have no connection with a market. To sum up this portion of consumption which has no relationship with a market as also being a market problem is very hard to comprehend. Rather we should say that it does not involve a direct relationship with the market, and that this is a characteristic of socialist collective welfare and collective consumption.

China's First Five Year Plan was carried to success relatively smoothly and the people were relatively satisfied. Of course, as far as the relationship between production and consumption is concerned, one cause for this was that market relationships were relatively lively and there were relatively many kinds of modes of buying and selling; but this was not the main, basic experience. The key here is to heed relatively seriously the demands of objective laws and to pay attention to the actual interests of the laborers. When arranging our plans, we must first guarantee that the livelihood of the people can gradually be raised in keeping with the development of production. That is to say, in normal years, the portion of national

income used in consumption must be guaranteed within the plan period. Taking into account the growth in population, the per capita consumption level is to grow year-by-year, with the remaining forces then arranged for accumulation. In this way we carry out capital construction investment which is beneficial to the growth in consumption. The realization of the consumption interests of socialist laborers has turned into an enormous motive force for the development of production. This is the secret of the success of the First Five Year Plan.

The fourth question: "The rate of growth of production falls behind that of the purchasing power of the people." Is this a regular phenomenon of the motion of a socialist economy? This viewpoint, that with the increase in the people's standard of living under a socialist system, the insufficiency in commodity supply shows the superiority of the socialist system over the capitalist system, because there is no overproduction crisis in the economy, is still expressed even after the smashing of the "gang of four," and appears in the recently published book, "The Socialist Transformation of Capitalist Industry and Commerce in China." This book asserts that "the growth in social purchasing power again exceeded the rate of growth in these consumption goods. This is a relatively long-term phenomenon in the course of the building of socialism." (People's Press, 1978, p 170) If we are fettered by this kind of theoretical viewpoint, we become used to the insufficiency of commodity supply and do not expend any effort to resolve the problem.

Fundamentally speaking, insufficiency of commodity supply is a question of the goals of socialist production and of the comprehensive balance in the national economy. For example, during the First Five Year Plan, accumulation constituted 24.2 percent of the national income and consumption, 75.8 percent. In the distribution of accumulation funds, construction of a productive nature constituted 71.7 percent and that for livelihood, 28.3 percent, of which housing construction occupied 9.1 percent. Funds within industry were distributed in a ratio of 1:8 between light and heavy industry. The gross value of industrial output increased by 18 percent per year, with that of light industry increasing 12.6 percent per annum. The gross value of agricultural output increased by 4.5 percent per annum. The average annual wage of staff and workers throughout China increased by 42.8 percent between 1952 and 1957, while peasant income increased by 27.9 percent. The retail turnover of social commodities grew by 14.6 percent per annum. Although some commodities were insufficient, basically the commodities during that period matched the social purchasing power. In addition, prices were stable. The masses were relatively satisfied. That is to say, provided there is a long political situation of stability and unity where the main efforts are concentrated on carrying out production and construction and the goals of production are defined according to the requirements of economic laws and, on the basis of increases in the national income, overall consideration is given to the people's livelihood and comprehensive balancing is carried out conscientiously, then we can basically put an end to the insufficiency in commodity supply.



For the past ten or more years, the supply of industrial goods for daily use has become increasingly tight. This was mainly caused by the ultra-left line of Lin Biao and the gang of four which sabotaged production, repressed consumption and pursued excessively high rates of accumulation. Because of the dislocations which arose and the consequent irrationality in economic structure, it will take a period of time before all this can be fundamentally reversed. But, if everyone in China from top to bottom works together to cultivate doing things according to the fundamental economic laws of socialism, proceeds from the requirements for satisfying and improving the people's livelihood, concentrates his main efforts to carry out agriculture, adopts exceptional measures, firmly resolves to promote light industry, firmly resolves to shorten the line of capital construction and strives to raise the effectiveness of investment, all in order to carry out the readjustment of the economy and travel the path of promoting light industry with agriculture, supporting heavy industry with light industry and supporting the slow with the fast, then we can bring the national economy onto the track of long-term, balanced and high-speed development. The experience of history tells us that whenever the economy has encountered difficulties, when we use the method of lowering the rate of accumulation and increasing consumption, we overcame our difficulties smoothly and tided over the crisis. But we did not draw from this that it was a lesson of experience which necessarily bore with it the nature of a law. We always looked upon it as a temporary measure. In fact, it reflects a law of development of the socialist economy. It is an inherent stipulation of public ownership of the means of production that it thoroughly guarantee the welfare of the people. If we proceed from this to carry out readjustment and direct production, we can cause the national economy to develop rapidly.

Some people feel that the consumption needs of the people are changeable and limitless, and that it is impossible to satisfy these needs continuously. This is mixed up. The consumption needs that we are talking about are not baseless subjective needs but those which match the actual purchasing power. Only this kind of consumption needs can actually affect market supply and demand. Relatively accurate data on the actual purchasing power can be obtained through investigation and research in various channels. If we were to carry out this sort of investigative analysis of purchasing power conscientiously, we could discover that although consumption needs are changeable, over certain periods they are also relatively stable. Under China's conditions, the growth in purchasing power is always linked together with the development of production. The growth in the purchasing power of the peasants is conditioned mainly on increases in the production of agricultural and sideline products. The growth in the purchasing power of workers has as its only source the increase in income distributed according to one's work, and this is conditioned on the increase in products created by the labor of the workers and on increases in the quality of these products. Therefore it is basically possible to supply commodities to match this purchasing power. It is normal for the supply to be tight for a while for new products created



out of new materials or using new industrial processes which have good consumption properties and whose price level is in keeping with the purchasing power of the people. It is precisely this kind of need backed by purchasing power which causes new products to appear and develop and compels old products to hasten to be upgraded or replaced. Thus, on the basis of promoting the development of production we also cause consumption needs to be satisfied correspondingly.

History and the positive and negative aspects of real life tell us that an insufficiency of commodity supply under socialism is a penalty for not doing things according to economic laws. The fallacy in the above "theoretical viewpoint" lies in its taking the dislocation caused by violating the requirements of objective economic laws as a fixed starting point and then use this as a basis for generalizing it into a theoretical definition used for directing production. To act repeatedly in accordance with this forms a vicious circle which causes supply to become tighter day by day, the varieties of ration coupons to increase daily and the shopping lines to become longer each day. Then the problem of commodity supply becomes ever more difficult to solve. Obviously, a view which takes penalty and destruction as superiority and which treats subjective concoction as objective law must be exposed and criticized or we cannot bring into play the superiority of the socialist system, fundamentally resolve the contradiction between production and marketing, achieve a balance between the supply of goods and materials and market purchasing power and guarantee the maximum possible satisfaction of the material and cultural livelihood needs of the people.

There is a tremendous danger in an insufficiency in commodity supply which limits the development of production by suppressing people's demands and thereby negates the nature and goals of socialist production. The acceptance of socialism by the working classes cannot be done simply through theoretical education. It must also be done through realizing their own personal interests and from this joining theory and practice. Only then will they struggle for the cause of socialism with firm resolve. If economic work departs from working for the well-being of the people, it will lose its socialist nature. Thus, basically speaking, the harm created by insufficiency in commodity supply is that it causes ownership by the people to become divorced from all its interests and to become a hollow and ungraspable thing, impeding good circulation in the national economy and blocking the road to socialist development.

(Manuscript received: 28 Jan 1980)

#### FOOTNOTES

1. This viewpoint was also expressed in Chen Jiaqin [7115 1367 0530] and Liu Weiben [2692 4850 2609], "On the Position and Role of Consumption

in the General Process of Social Production," in **CALJING WENTI YANJIU**  
[STUDIES IN FINANCE], No 1, 1979.

- 2., 3., 4. See "Selected Works of Marx and Engels," Vol 2, pp 91, 92.
5. "Selected Works of Marx and Engels," Vol 2, p 93.
6. Ibid., p 2.

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## ECONOMIC PLANNING

### PREREQUISITES FOR INCREASED INDUSTRIAL DEVELOPMENT

Nangzhou ZHEJIANG RIBAO in Chinese 31 Oct 80 p 1

[Article: "Zhejiang's 1981 Industrial Production Development"]

[Text] What are the guiding principles for the development of industrial production in our province in 1981? This is the question your reporter put to the Provincial Economic Council. A responsible comrade of the council said: Due to our effort over the past couple of years to carry out in industry and communications the state policy to readjust, reform, reorganize, and improve the national economy, production has developed both in speed and in volume as we have liberated our thinking and liberalized our policy to help reactivate adjustments by market forces. To enhance the healthy development of industrial production and insure its sustained growth, we must focus our attention on more efficient business management, better quality and greater variety of merchandise, reduction of waste, higher economic efficiency, and prevention of indiscriminate pursuit of output value per se. Special emphasis must be placed on production safety, labor protection, and balanced production. We must work for speedy readjustment and reform of the economic system, speedy exploitation of potentials and renovation, speedy conservation of energy and raw materials, and speedy improvement of the level of management so as to achieve the maximum economic efficiency with the minimum consumption of materials. Thus, we have to do well in the following four areas.:

1. We must handle well the relationship between production and safety. The leadership at all levels of provincial industrial and communications systems must adhere to the proposition that production must be safe and insure safety in production. All industrial and communications enterprises should give priority to production safety and see that it takes root as a principle, a system, and an organization. There must be universal, sound, safety systems and regulations that are strictly observed by staff and workers. Production safety should be an important measure for rating the work of every enterprise, every workshop, every team, and every individual worker.

2. We must handle well the relationship between the development of production and energy conservation. The most baffling problem confronting our province's industrial production is the shortage of energy. Since the state is unlikely to achieve a sizable increase in energy production, we must be prepared to conserve energy on a long-term basis in our development of production and strengthen the management of energy resources and the work of energy conservation. As the saying goes: "A meal

saved by the rich is a poor man's food for a year"; energy conservation must begin with the big consumers. Every enterprise should control its energy resources like it controls its food ration. Even so, what even the most successful energy-conserving unit can do is but "to scratch the surface." There is still much more to be done in energy conservation.

3. We must handle well the relationship between the full utilization of existing facilities and the acquisition of new productive capabilities. Now, many plants are blindly copied. If this is not satisfactorily corrected, both old and new plants will be unable to function well. Before we can readjust the old plants, new ones will need readjustment. Therefore, in order to achieve a sustained increase in industrial production, we must organize various joint economic entities based on specialization, cooperation, and sound economic principles so as to enhance the competitiveness of industrial products.

4. We must handle well the relationship between work so as to reinforce the foundation and development of production. We should extend to enterprises the decision-making power in management so as to sustain the enthusiasm of the staff and the worker masses. Instead of fanfare and obsessions with quotas and high yields, we must get to the basics to evolve a system of strict responsibilities, strengthen our ideological political work, and raise the level of technology and business management so as to provide industrial production with a firm foundation.

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## ECONOMIC PLANNING

### GUANGDONG ECONOMIC PLAN SHOWS GOOD INITIAL RESULTS

#### Nine -Month Figures

Guangzhou NANFANG RIBAO in Chinese 19 Oct 80 p 1

[Article by Li Sensheng [2621 2773 4141]: "Aggressively Increasing Income and Saving Expenditures In Order To Speed up Accumulation of Capital; Guangdong's Economic Plan Fulfillment for First 9 Months Is Good"

[Text] This year has been the first since implementation of the new financial system was approved by the Party Central Committee, and fulfillment of financial income and expenditures for the first 9 months of this year went very well. Financial income reached 80.23 percent of the plan for the year--an increase of 8.08 percent compared with the same period last year. Financial expenditures reached 66.68 percent of the plan for this year--a decrease of 5.31 percent compared with the same period last year. Income has increased while expenditures have dropped. Income was greater than expenditures, so there was a slight gain. This result was accomplished by the combined efforts of the vast majority of cadres and workers who participated in the movement to increase production while cutting expenditures, conscientiously executing the policy concerning readjustment, reform, reorganization, and improvement.

During the first 9 months of this year, the provincewide gross industrial product increased 10.6 percent compared with the same period last year. Of this, light industrial products increased 16.85 percent, contributing significantly to the increase in financial income. Such a rapid progress in financial income provincewide has not been paralleled in recent years. Among the 23 areas and cities, there were 9 which completed more than 80 percent of the plan for this year; Shenquan and Zhuhai had completed the plan for the whole year one quarter ahead of time, with a surplus. There were 15 prefectures and municipalities whose financial income surpassed that of the same period last year. Those which achieved more than a 10-percent increase included Guangzhou, Shenquan, Zhuhai, Shaoguan, Foshan, Jiangmen, Zhanjiang, and Meizhou--eight cities, plus Shaoguan Prefecture.

Since the beginning of this year, various industrial and commercial enterprises all over the province have continuously reformed their economic administrative system. They have gone one step further to develop the experimental work for expanding the right of enterprises to autonomy, and thus have expanded their experiences and achieved a rather good economic effect. As a result, the profits delivered to the

government by the various industrial and commercial enterprises have increased significantly. During the first 9 months of this year, the profits delivered to the government by the local state-operated industrial enterprises and commercial enterprises, together with the consumer cooperative systems, have increased more than 20 percent compared with the same period last year.

This year the government has generally implemented a financial administrative system whereby "each administrative unit and each business unit will manage its own budgeting, keep the surplus, and keep the benefits of increased production as an incentive." This policy has successfully mobilized every level of administrative and business unit to organize income, save expenditures, and increase the effectiveness of its capital utilization. As a result, significant savings in public and conference expenditures has been achieved in many areas.

The concerned department considers that, generally speaking, the financial income and expenditure [record] during the first 9 months of this year have been good. However, we must recognize that there are still many more factors that can affect income, such as expenditures incurred from raising the wages of a portion of the cadres and workers, which will be reflected in the figures for the fourth quarter. The provincewide plan for industrial enterprises to reduce their production costs has not been achieved; the plan to turn losses into gains has not reached its goal; and a small number of units are still violating financial economic regulations. Therefore, in order to be able to fulfill, and to fulfill with surpluses, the plan for financial income and expenditures this year, every unit must continue to work cooperatively, digging up the latent potential by all means and all methods, and forcefully carry out measures for organizing income and saving expenditures.

#### Report From Hong Kong

Hong Kong WEN WEI PO in Chinese 22 Oct 80 p 1

[Article: "Maintaining a Steady and Uniform Development, Guangdong's Industrial Output Increased More Than 10 Percent; Growth Rate of Light Industrial Collective Enterprises Surpassed That of People-Owned Enterprises"]

[Text] Industrial production in Guangdong has maintained a large-scale, steady, and uniform trend of growth this year. Cumulatively over the first 9 months of this year, the gross industrial product increased 10.6 percent over the same period last year.

So far this year, in carrying out the policy of "readjustment, reform, reorganization, and improvement," Guangdong has emphasized the development of superior [quality], the protection of competition, the opening wide of opportunities for production and consumption, the development of production, and increased income. As a result, a greater scale of increase has been achieved by light industry and collectively owned industry, which are more sensitive to market adjustments. The gross product of light industry increased 12.8 percent compared with the same period last year, while the gross product of collectively owned industry increased a whopping 22.3 percent—far exceeding the level achieved by heavy industry and industry owned by the whole people, which are more heavily adjusted by the plan.

In the key districts and cities where industries are concentrated, such as the Guangzhou and Foshan areas, the growth rate surpassed the average level provincewide. The major products were found to have fulfilled the plan better. Some products have already achieved planned goals for the whole year.

According to statistics compiled over the first 9 months of this year, 80 percent of the 80 major products have already fulfilled the plan goals for the whole year. There are 26 products, including steel materials, various colored metals, tungsten steel, tung oil, oil shale, iron ore, caustic soda, soda soap [5142 8565], light bulbs, everyday glassware, leather products, washing machines (household), electric fans, refrigerating equipment, elevators, and wattmeters, which have fulfilled planned goals for the whole year 3 months ahead of time. Popular industrial products which are in short supply scored significant increases not only in the number of brands but also in the quantity of the products.

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## ECONOMIC PLANNING

### DEVELOPMENT OF SPECIAL ECONOMIC ZONES IN GUANGDONG SUPPORTED

Guangzhou NANFANG RIBAO in Chinese 18 Oct 80 p 3

[Article by Li Yanshi [2621 6056 1395]: "To Successfully Build Special Economic Zones, Emphasis Must Be Placed on the Word 'Special'; Another Discussion on the Building of Guangdong Special Economic Zones"]

[Text] The "Regulations on Guangdong Special Economic Zones" have summarized the policies and measures related to the establishment of the special zones. In order to build special economic zones successfully, we must, according to the spirit of the "regulations," implement a series of special policies and ingenious measures which are different from those applied to other areas. That is to say, that, in directing the construction of these special economic zones, we must start out with the characteristics of the special zones. In other words, we must place emphasis on the word "special."

So-called special economic zones, as is obvious from the name, are economic zones where special policies and special administrative measures are implemented during the course of our economic construction. They are built mainly by attracting foreign firms and their capital. The foreign businesses and enterprises are completely administered and operated independently by the foreign firms. Foreign firms which are willing to come and invest in the special zones are given the necessary conditions, a certain favored treatment and various conveniences. This kind of special economic zone is not only closely related to the socialist economy but also to the world's capitalist economy. Its development is ruled by its own special laws. In order to operate special economic zones well, we must respect the special laws regulating the construction of the special zones. We must never go against these laws. What is important at this juncture is the fact that we must liberate our thinking, daring to face reality, and acting accordingly. What we need to do in order to be able to liberate our thinking is to break our old habits and frame of mind which hinder the establishment of the special economic zones. In carrying out our task or pondering over problems, we must not act according to our own subjective desires or the profit of our own department or unit alone, but we must also take into consideration the profit of the investor. In other words, we must destroy our old economic administrative system and establish a new economic administrative system which will meet the needs of the special economic zones. Only by doing so can we create the necessary conditions for the establishment of the special economic zones and promote their development.



We must point out, however, that the economic administrative system which was founded over the past 30 years of socialist economic construction possesses numerous shortcomings and fraudulences which are detrimental to the development of the construction work related to socialist modernization, so it must be reformed. This country is experimenting on this matter right now. This economic system is even more unsuitable from the viewpoint of establishing special economic zones. We must firmly insist on the destruction of this system. At present, some comrades still lack an understanding of the characteristics of special economic zones. As a result, they don't respect the laws governing the establishment of the special economic zones. Instead of creating conditions favorable to the implementation of the special policy and administrative measures for the special economic zones, they carry on as usual according to the old rule, ignoring the characteristics of the special economic zones completely; or worse, they apply various restrictions, calling this "instruction" or that "regulation" of the past. No wonder a situation described by one comrade as "foot chains on the ankles, handcuffs on the wrists, and a noose around the neck" can take place in matters related to the construction of special economic zones. Unless this kind of situation is changed immediately, the "regulations" cannot be implemented effectively and the progress of establishing special economic zones will be adversely affected.

Some comrades have suggested that implementing a special policy and ingenious measures for the construction of special economic zones constitutes "special treatment" and so is "improper." This statement is only partially correct. If no special laws related to special economic zones are respected, if no special policy and no ingenious measures are implemented, and if no special road and methods for the construction of the special economic zones are recognized, can special zones remain special? If one says that this constitutes "special treatment," he is right. But this is not "improper," because it has to be done this way. There is no other way by which a special economic zone can be built.

Implementing a special policy during the construction of special zones is based fundamentally on the principle of "equality and mutual benefit." This principle is the principle applied in general in international economic activities. Practicing this principle in economic activities means taking care to benefit both sides at the same time. Only by doing so can economic cooperation develop smoothly. Otherwise, economic cooperation, no matter what the format may be, cannot materialize, nor can it endure. We, the socialist nations, must also practice this same principle when we conduct our international economic activities. Construction of special economic zones is no exception. The fact that the "regulations" state clearly that foreign firms which invest and bring in businesses and enterprises shall enjoy certain specific favored conditions is nothing but a concrete manifestation of the principle of "equality and mutual benefit." We must steadfastly carry out this principle. We must realize that those who cooperate with us economically come from different places. The willingness of foreign firms to come and invest in the special zones is, first of all, an expression of friendship toward our country which is beneficial to our socialist economic construction. To be sure, the benefits of both sides must be taken care of at the same time. In a capitalist society, everything is for profit, and profit is the law which governs every activity of capital. Therefore, we cannot ignore this principle when we carry out economic cooperation with foreign firms.

Some are worried that we might get the worst of it when we give so many favored conditions to foreign firms. This worry is quite unfounded. The "regulations" state clearly that foreign firms shall be given a broad field in which to operate, good conditions in which to operate, and safe and stable places in which to conduct their businesses. They shall receive favored treatment on matters related to the use of land, foreign exchange, management, and taxes. They shall be assisted in every way possible in matters related to the importation of materials and the entry and departure of their personnel. These are some of the necessary conditions for foreign firms to come and invest and build plants in the special zones. It also constitutes the embodiment of the principle of "mutual benefit." If these conditions and the necessary favors and conveniences are not bestowed, it will be impossible to attract foreign firms to come forward and invest. Then there will be no special zones to talk about, and where will we get our benefit? Some of the favorable conditions appear to be quite ingenious; however, they are necessary in order to speed up the building of the special economic zones. For example, the "regulations" state clearly that the income tax rate is to be 15 percent for special zone enterprises. It also states that those enterprises which are organized within 2 years after the announcement of this rule, or those enterprises whose investment exceeds 5 million, or those high-technology enterprises whose capital circulation cycle is longer, or those enterprises which reinvest their profits in the special zones for more than 5 years, shall be given special consideration and their income tax will be reduced or even exempted, according to the circumstances. These special favors bestowed upon those enterprises which invested early, which are large in scale, or which are advanced in technology so that their capital circulation cycle is longer, and on those which reinvest in the special zones, will no doubt help those enterprises make more profit. On the other hand, these [favors] will also benefit us by attracting more foreign capital and higher technology more rapidly, thus promoting development of the special zones. This, in reality, also takes care of the benefits of both sides at the same time. During the early stages of the economic construction of Russia, Lenin pointed out that as long as we are able to get foreign production materials such as machinery and electric equipment as soon as possible, as long as we are able to get the help of powerful and advanced capitalists, "we do not mind giving several tens of millions of our materials and wealth to them as 'tributary gifts'." He also said: "As long as we are able to improve our workers' lives, we do not care if they make a profit of 150 percent." ("Complete Works of Lenin," Vol 32, pp 213, 299) If one calls this a concession, then it is an "equal value concession." (Ibid., Vol 33, p 295) Therefore, bestowing favorable conditions on foreign firms does not necessarily mean that we are disadvantaged. It is just the embodiment of the principle of "mutual benefit."

Marxism measures the correctness of an economic policy or measures implemented by a proletariat party not by how many revolutionary phrases are used in the sentences but by whether it reflects the trend and direction of social economic development, or whether it starts out from reality and thus is beneficial to socialist economic construction; in other words, whether it is in agreement with objective economic laws. If not, it is not correct. In building special economic zones, why do we bestow certain specific favorable conditions on foreign firms? This is based on a consideration of the custom of international cooperation and various economic factors, domestic as well as foreign. It is in agreement with the laws governing the building of special economic zones. During the 10-year period of upheaval, Lin Biao and the "gang of four" implemented a closed-door policy concerning international economic activities and unnecessarily accused too many

people of practicing a "foreign slavery" philosophy. As a result, our hands and feet were bound and a serious adverse effect was wrought upon socialist economic construction. This lesson should be sufficiently penetrating for each one of us. We must liquidate the evils left over from the leftist-roadsters.

The special zone economy is a supplementary form of the socialist economy. It is closely related with a vast majority of the areas. In order to be able to do a good job of building special economic zones, we must depend on the cooperation of party members, cadres, and the masses in the areas where the special zones are to be located. At the same time, we also need the complete cooperation of the people of the entire province and the entire nation, and their enthusiastic support. Various areas and departments and every walk of life must care for and support the building of special economic zones by creating conditions favorable for them and providing them with various conveniences. We believe that with the cooperation of the people of the areas where the special zones are to be located and the entire population of the province, struggling together with united forces, we shall be able to carry out the task of building the special economic zones.

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## ECONOMIC PLANNING

### BRIEFS

**GUANGXI EXCHANGE MEETING**—A regional scientific research exchange meeting conducted by factories, mines and enterprises was held in Nanning from 23 to 27 October. Zhou Guangchun and Luo Libing, the regional CCP committee and people's government, attended the meeting and spoke. The meeting held: the launching of scientific research in factories, mines and enterprises is the key to industrial modernization and is an essential condition for them to increase production. Scientific research in factories, mines and enterprises must be established in accordance with actual conditions and must be closely linked with technological renovation to guide and assist the progress of new technology. The meeting stressed: CCP committees and people's governments at all levels must strengthen leadership over the establishment of scientific research organs in factories, mines and enterprises, and bring the roles of technicians into full play. [HK129010 Nanning Guangxi Regional Service in Mandarin 1130 GMT 28 Oct 80]

**TIANJIN CITY CONSTRUCTION**—The Standing Committee of the Tianjin Municipal People's Congress held its sixth session 12-15 November, discussing the 2,000 outline of the overall planning for Tianjin city construction and the 1981-1983 program for repairing buildings destroyed by earthquakes and for building subsidiary projects. Attending the session were Yan Dakai, chairman of the Standing Committee of the municipal people's congress; Yu Fujing, deputy mayor of Tianjin Municipality; and (Zhou Ganji), deputy chief of the Tianjin Municipal Planning Bureau. [Tianjin City Service in Mandarin 0030 GMT 16 Nov 80 SK]

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## FINANCE AND BANKING

### BRIEFS

**BANK LOANS FOR GUANGDONG**--Since the beginning of the year, the general banking department of the People's Bank of China has issued short-term foreign exchange loans of some U.S.\$100 million to Guangdong Province to support the four modernizations efforts in the province. All enterprises which produce export commodities and all units which can directly or indirectly earn foreign exchange income and have the ability to repay the loans are eligible to apply at the various branches of the people's banks for foreign exchange loans. The period of the loans is generally 1 year and the longest period of the loans is 3 years. The preferential annual interest is less than 9 percent. The bank has so far approved loans of some U.S.\$38 million. According to incomplete statistics, with the help of these loans, local enterprises' output value has increased by some 37 million yuan and foreign trade departments have increased procurement by some 20 million yuan. [HK270816 Fuzhou Fujian Provincial Service in Mandarin 1035 GMT 24 Nov 80]

**HEILONGJIANG PRICE HIKES**--The Heilongjiang Provincial Commodity Price Bureau recently held a report meeting of price bureau directors to discuss ways to halt price hikes. The meeting urged the departments concerned to raise the people's understanding of the significance of stabilizing market prices, implement the eight measures set forth by the provincial people's government to curb malpractices liable to be perpetrated by staff and workers of commercial departments, strictly abide by price policies and ensure that no one who violates price discipline will go unpunished. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 26 Nov 80 SK]

**HEILONGJIANG CAPITAL CONSTRUCTION SPENDING**--Responsible person of the Heilongjiang Provincial Construction Bank said: the usual year-end spending-spree by units undertaking capital construction projects will be substantially reduced this year because a recent circular stipulates that 1980 capital construction funds may be used in 1981 if they are not all spent in 1980. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Nov 80 SK]

**ZHEJIANG BANK LOANS**--Since the beginning of this year, local construction banks in Zhejiang Province have extended capital construction loans to small enterprises to support their rebuilding, expansion and renewal of equipment. By the end of October, some 142 loans totaling 23.2 million yuan had been granted. [OW161846 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 15 Nov 80]

**SHENYANG REVENUE INCREASE**--By the end of October, revenue in Shenyang Municipality increased by 27.2 million yuan over the corresponding 1979 period. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 26 Nov 80 SK]

**HUNAN CONSTRUCTION PROJECTS INVESTMENTS**--Instead of being appropriated out of revenue, the investments in capital construction projects in Hunan Province have been borrowed from banks on a trial basis. As a result, funds have been saved and the period of construction has been shortened. At present, construction banks have issued loans of some 106 million yuan to 180 factories, including the Xiangtan Textile, Printing and Dyeing Mill, the (Liyijiang) Electricity Plant, the Hunan Rubber Plant and the Hanshou County Paper Mill, for the purpose of capital construction. As loans must be repaid with interest at the stipulated time and more interest must be paid after the due date, the units which borrow the loans from the banks will naturally see that the loans are used carefully and properly. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 24 Nov 80 HK]

**JIANGSU GOVERNMENT CIRCULAR**--The Jiangsu Provincial People's Government on 24 November issued a circular urging all localities to strictly enforce financial and economic discipline and prevent the yearend spending spree in order to guarantee the fulfillment of this year's financial revenue plan. The circular called on all localities and departments to collect all taxes due and strive to cut down expenditure. In order to curb the yearend spending spree, the circular stresses that the scale of capital construction should be reduced, that institutional purchasing power should be lowered, that no expenditures should be authorized from now on other than relief funds and that the bank's credit and loans management should be strengthened. [Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 26 Nov 80 OW]

**JILIN ENTERPRISES DEFER, EVADE TAXES**--Our reporter learned from the department concerned that at present tax evasion is quite serious at some enterprises in our province, directly interfering with the fulfillment of the tax plan and the plan on financial incomes and expenditures. As of the end of October provincial enterprises have deferred paying some 10 million yuan in taxes owed the state. Some of the enterprises outright evade state taxes. The Changchun Municipal Steel Tube Plant deliberately evaded some 400,000 yuan of state tax from 1978 to June 1980. The municipal people's procuratorate is instituting proceedings against it according to the law. The Changchun Municipal Metal Processing Plant, formerly known as the Changchun No 2 Metal Materials Plant, evaded some 41,000 yuan of state tax from December 1979 to April 1980 by fraudulently reporting less income from marketed products. The department concerned is investigating the case. [Text] [SK281008 Changchun Jilin Provincial Service in Mandarin 1100 GMT 27 Nov 80]

**NEI MONGGOL GOLD PURCHASING**--Persons of various nationalities in Nei Monggol are vigorously selling gold, silver and gold and silver products to the state. According to incomplete statistics compiled by departments concerned, over 21,000 grams of gold, over 4,747,500 grams of silver and over 75,200 silver coins were sold to the state in the third quarter of 1980. [SK220124 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 16 Nov 80]

**JILIN FULFILLS TAX PLAN**--According to our correspondent (Zhang Xinhua), since the beginning of this year, tax departments at all levels throughout the province have made great efforts to increase production and income and practice economy in coordination with the departments concerned. As of 20 November, the Yanbian Korean Autonomous Prefecture and Panshi, Jingyu, Changbai, Changling, Dehui and six other municipalities and counties overfulfilled the annual tax plans. The province has now fulfilled the annual tax plan by 91.5 percent. At present, tax departments at all levels and the masses of tax cadres throughout the province are conscientiously implementing the guideline contained in the State Council's notice on grasping well the November and December plans on financial incomes and expenditures and on controlling financial deficits and the circulation of money. They also go down to grassroots levels to launch tax audits so as to promote production, increase incomes and enable the province to collect more taxes. [Text] [SK281028 Changchun-Jilin Provincial Service in Mandarin 1100 GMT 27 Nov 80]

**JINAN CIRCULAR ON FINANCIAL EXPENDITURE**--The Shandong Provincial People's Government issued an emergency circular on 19 November, urging various departments to cut down expenses, control the funds in circulation, fulfill the 1980 financial task and inspect the state of financial and economic disciplines throughout the province. The circular contended that all departments, enterprises and establishments must adopt effective measures to increase production and profits and to stop new expenses during the last month of 1980. The people's banks in various localities must supervise departments concerned in giving bonuses, support them to expand purchase and sales, transport commodities to countrysides and to be sold on market, speed up the withdrawal of funds from circulation and of agricultural loans. Such act as randomly giving bonuses, and increasing subsidies and expenses must be strictly handled. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 19 Nov 80 SK]

**ZHEJIANG PROFIT ADJUSTMENT**--The Zhejiang Provincial Commodity Prices Committee, in cooperation with industrial finance and trade department, made a rational adjustment in profit distribution among light and textile industrial departments. This has stabilized prices of light and textile industrial products and promoted the circulation of commodities. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 14 Nov 80 OW]

**CURRENCY POLICY CHANGE STUDIED**--Shanghai, 6 Dec KYODO--China is studying unifying the yuan and foreign currency convertible notes now in circulation into a single currency, Japanese Finance Minister Michio Watanabe said Saturday. Watanabe told KYODO NEWS SERVICE that China made the disclosure at the Japan-China ministerial conference held in Beijing this week. He said China officially denied rumors that it would devalue the yuan, suspend the issuance of the convertible notes and fix double exchange rates for the currency. Watanabe is here on his way home from Beijing. [Text] [OWD60646 Tokyo KYODO in English 0631 GMT 6 Dec 80]

CSO: 4120

## ENERGY

### 'XINHUA' ON COAL INDUSTRY, KAILUAN COAL MINE PROBLEMS

OW132042 Beijing XINHUA Domestic Service in Chinese 0307 GMT 11 Dec 80

[Letter from XINHUA reporters Guo Jie and Li Zhengjie: "Coal Industry Readjustment as Seen From Kailuan"]

[Excerpts] Shijiazhuang, 11 Dec (XINHUA)—As conditions at the Kailuan coal mine show, it is impossible for the coal industry to make readjustments so long as output plans, made according to needs, remain unchanged.

We found that Kailuan's readjustment is quite slow. Why? The leading cadres and technical and engineering personnel we have interviewed all say that readjustment is indeed imperative but they just have no time for it.

The reason that they can spare no time for readjustment is, we understand, that on the one hand mountains of problems await immediate solutions because the mine underwent serious sabotage during the 10-year catastrophe resulting in disproportionate excavations and a lack of maintenance for equipment and coal pits and, on the other hand, the state demands greater coal output as this industrial foodstuff is short of meeting the needs of the national economy. In other words, readjustment is necessary, although output quotas cannot be lowered.

Kailuan is one of our reputable coal bases. With a large number of veteran workers and a better than average level of management and equipment, the production situation in Kailuan has always been good. Even during the 10-year disturbance, Kailuan's output kept rising. During the fourth 5-year plan from 1971 to 1975, its output shot up from 16.64 million dun to 25.63 dun, doubling its original production capacity of 12.6 million dun and averaging a 2-million dun increase each year. However, these high increases brought along a series of problems. Before the mine could take a breath, it was hit by the strong earthquake of 1976 and sustained extremely serious damage. Nearly all of its surface buildings were wiped out and its principal production shafts inundated. Yet, because there was an acute shortage of coal at that time, the state demanded that the mine resume production as soon as possible and strive to reach the pre-earthquake output level. Thus the mine drained the shafts and excavated coal at the same time. The tunneling task was, therefore, delayed by 1 to 1.5 years while 13 million dun of readily available coal was excavated, resulting in critically disproportionate excavations that further aggravated the originally weak link of its coal production.



The first year after the earthquake, 1977, the state demanded that Lailuan reach the pre-earthquake capacity of 12.6 million dun. The staff and workers of Kailuan worked desperately and produced 12.68 million dun of coal that year. In 1978, the state demanded Kailuan double its output to reach the pre-earthquake peak of 25.2 million dun. At the output quota was set purely according to needs and beyond its actual ability, it produced only 21.5 million dun after a whole year's hard work. In early 1979, the state set Kailuan's output quota at 23.5 million dun but later reduced it to 21.5 dun. In early 1980, the output quota was set at 20 million dun. The situation each month was invariably short of targets at the beginning, catching up in the middle and working desperately toward the end. Output quotas had to be lowered once again.

Under the pressure of output quotas, Kailuan has never wholly regained its sappr vitality. If it has to go on working desperately with ills uncured, it is possible that someday it will fall seriously ill and never can be cured. Some Kailuan comrades have put it well: "Day in and day out, you cannot even take a breath under the pressure of the output quota, how can you have time and energy to take care of readjustment?"

From the problems experienced by Kailuan, we can see that production plans should not be made on the basis of needs only but also according to objective capabilities.

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## ENERGY

### BRIEFS

**LIAONING EXPERIENCE EXCHANGE MEETING**--The leading group of the northeast power grid recently held an experience exchange meeting on conserving power, using power in a planned way and relying on the masses to run power stations in Anshan Municipality. Attending the meeting were some 350 technicians and specialists from petrochemical and metallurgical industrial enterprises. Five experts were invited to give speeches. They discussed ways to conserve electricity and suggested many constructive views and measures in this regard. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 21 Nov 80 SK]

**SHAANXI ENERGY CONSERVATION**--The industry and communications front in Shaanxi Province has done a good job in energy conservation this year. According to incomplete statistics, from January to September the province saved a total of 350,000 tons of coal, over 200 million kwh of electricity, 5,000 tons of heavy oil and nearly 20,000 tons of oil finished products. The total value of these savings was 35 million yuan. [Xian Shaanxi Provincial Service in Mandarin 2300 GMT 10 Nov 80 HK]

**NORTHWEST MEETING ON POWER STATIONS**--The five northwest provinces and autonomous regions recently held a seminar in Baoji, Shaanxi, on the remote control of power stations and transformer stations, a measure which would fundamentally solve the current problems of insufficient safety, speed and accuracy in power generation and transmission in the region. The unmanned, automatic operation of these stations by remote control has never been attempted in the region. The meeting, sponsored by the Baoji power supply bureau, gave the participants an idea of the technical problems and demands, and trained a number of technicians for advancing the work. [Xian Shaanxi Provincial Service in Mandarin 1100 GMT 7 Nov 80 HK]

**HEILONGJIANG MARSH GAS**--Jointly developed by the Shuangcheng County Marsh Gas Office and the Dongfanghong Brigade, the biggest marsh-gas power station in Heilongjiang Province was put into operation on 17 November in Shuangcheng County. The station has a 14-kilowatt generator and a fermentation tank which is 20.07 meters in length, 4.5 meters in width and 2.1 meters in depth and which can produce 40 cubic meters of marsh gas a month in normal temperatures. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Nov 80 SK]

LIAONING OIL PRODUCT SERVICE CENTER--The Liaoning provincial oil product consultation service center was recently established under the support of the Provincial Petrochemical Industry Bureau, the Provincial Commercial Scientific Research Institute, the Shenyang Oil Purchase and Supply Station, the provincial oil company and refineries concerned. Its purpose is to provide the latest information on oil products, their utilization, application of petroleum-related technologies, energy conservation and technical cooperations at home and abroad by making full use of scientific and technical personnel in the province's petroleum industrial departments. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 24 Nov 80 SK]

CSO: 4006

ERRATUM: This article is republished from JPRS 76946, 5 December 1980, No. 102 of this series, pp 34-35 to correct the translation of first paragraph.

## MINERAL RESOURCES

### HUGE URANIUM DEPOSIT FOUND IN HUAGANG CRAG

Beijing RENMIN RIBAO in Chinese 30 Aug 80 p 1

[Article by Li Weiyao [2621 1218 1031] and Zhang Yousheng [1728 0645 3932]: "Tan Mutao Opens Up a New Realm by Finding Uranium in Stratum of Huagang Crag"]

[Text] China has discovered an exceptionally large uranium deposit in a fractured stratum of mesozoic granite. Engineer Tan Mutao [6007 0645 3932], director of the Guangdong Provincial Geological Bureau, contributed to the discovery and verification of the deposit.

In the past, some foreign experts had categorically asserted: "There are no large mineral deposits in the Mesozoic Era stratum of Huagang Crag" and "One cannot drill more than 200 meters into Huagang Crag." A regional geological survey team, however, discovered many unusually radioactive points (belts) in Huagang Crag of the Nanling Mountains. Geological Team 705, whose mission is to find uranium, immediately began prospecting. Tan Mutao, as the technical responsible person on this team, personally directed the prospecting and drilling, and, in less than 4 years, handed over to the state a big uranium mine.

To solve the mystery of whether there was a mineral deposit in the Mesozoic Era stratum of Huagang Crag, Tan Mutao began by summing up his experiences in searching for mineral deposits, and then led the geological personnel in scaling sheer precipices and overhanging rocks in order to investigate outcroppings and drill tunnels, gathering and putting in order several hundred thousand words of firsthand material. After analysis and study, he confirmed that about 1 million years ago there were many violent movements of the earth's crust here (the so-called Yan Mountain Range activity). Huagang Crag, a product of the later period of this activity, contains thermoliquified uranium [youreye 6914 3583 3210], which from deep in the earth's crust runs along a fault line up to the earth's surface, forming a mineral deposit. By mastering a great amount of data, he was able to draw a circle around a 76-square kilometer mineral field and to draw up a 7-year plan for it. From the end of 1965 to 1966, the Ministry of Geology mustered its forces to explore, on two occasions, the No 9 hole picked out by Tan Mutao on the mineral vein. After more than a year, the ministry, overcoming all sorts of difficulties, verified that there was an especially large uranium vein centered on the No 9 hole. From 1967 to 1979, Geological Team 705 handed over to the state large industrial reserves of uranium.



In 1979, Comrade Tan Mutao was a member of our country's uranium geological delegation that went to America, and he attended the annual symposium on uranium of the American Petroleum Geologists Society, at which he read his scientific paper on "Geological Features and Formation of Thermoliquified Uranium in Huagang Crag of the Nanling Mountains." The scientists at the symposium thought highly of and commended his paper. In April of this year, he was elected to be a model worker in the national geological system.

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## MINERAL RESOURCES

### BRIEFS

**JILIN GOLD ENTERPRISES**--As of 15 November, about 75 percent of the provincial gold mines overfulfilled their annual gold production plans. Key gold producing areas such as Jilin, Yanbian and Tonghua overfulfilled the state production plan. By the end of October gold enterprises throughout the province gained profits of some 2.55 million yuan, overfulfilling the annual plan by 18.7 percent, an increase of 9.1 times over the 1979 figure. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 26 Nov 80 SK]

**TIANJIN GOLD**--The Tianjin Electrolytic Copper Plant extracted 10,272 liang of gold from the anode slime in the process of copper electrolysis during the first 10 months of 1980. This figure was 78 percent higher than the figure for the corresponding 1979 period. [Tianjin City Service in Mandarin 0030 GMT 12 Nov 80 SK]

CSO: 4006

## INDUSTRY

### PRC LIGHT INDUSTRY MINISTRY CIRCULAR ON PRICES

OW141750 Beijing XINHUA Domestic Service in Chinese 1252 GMT 13 Dec 80

[Excerpts] Beijing, 13 Dec (XINHUA)--The Ministry of Light Industry on 12 December issued a circular urging light industry departments and enterprises in all localities to firmly implement the provisions contained in the State Council's circular on strictly controlling commodity prices and reorganizing negotiated prices. It also urged these departments and enterprises to conscientiously readjust the prices for products to be sold by manufacturers themselves at exhibitions or on a trial or commission basis.

The light industry ministry's circular says: Retail outlets, sales exhibitions, promotional sale centers, marketing agencies and all other self-marketing channels of light industry departments and enterprises at all levels, whether state or collectively-owned, should act according to the provisions in the State Council's circular. Manufactured goods whose prices are fixed by the state should be sold at the state-fixed prices. Price increases are not permitted. Retail prices of commodities reached through negotiations should stick to the price levels prevailing on 7 December 1980. These commodities may be sold at lower prices, but price increase are not permitted.

The circular stipulates that light industry departments and enterprises at all levels should not increase their profits or give bonuses by fixing a higher price or increasing the prices in a disguised manner or other illegal methods. Severe punishments should be meted out to those who violate laws and discipline.

The circular says: Factory prices and self-marketing prices of light industrial products should be readjusted in earnest. According to the regulations, downward readjustments of prices may be allowed. In future, all applications for price readjustments should be filed according to the authority in price administration stipulated in state regulations for final approval.

C50: 4006

## INDUSTRY

### PRC TEXTILE INDUSTRY STRESSES RESEARCH, INNOVATION

OW141223 Beijing XINHUA Domestic Service in Chinese 0755 GMT 13 Dec 80

[Excerpts] Beijing, 13 Dec (XINHUA)--This correspondent has learned from the national report meeting of the textile industry on scientific and technological achievements now being held in Beijing that in the past few years China's textile industry has actively developed scientific research and technical innovations in the light of production requirements and has achieved rather good economic results. Without much expansion in equipment and capacity, the country's textile industry has increased output and output value rapidly year after year.

In the field of cotton textile industry, after solving the technical problems in the spinning, weaving, dyeing and finishing of medium and long fibers and chemical fibers in the 1970's, the scientific research departments have been actively developing medium- and high-grade chemical fiber products, such as imitation wool and silk fabrics and knitted coats. The cotton textile industry in Shanghai has added little, if any, equipment in the past 10 odd years, yet its output value has increased from 4.8 billion yuan to 8.9 billion yuan, or 85 percent, thanks to the adoption of new technology. The output value and profit of the cotton textile industry of the country as a whole has increased by an annual average of about 10 percent in the past 3 years.

In the past few years, the textile industry has made vigorous efforts to popularize and apply the result of scientific research to translate these results into productive forces as quickly as possible. It is learned that the number of scientific research items of the textile industry appraised and approved for popularization throughout the country in 1979 and 1980 is 56 percent more than the total number in the 1971-78 period.

In the past few years, the country's textile scientific research departments have also made vigorous efforts to restore and consolidate the scientific research organizations, and a textile scientific research system has begun to take shape, insuring and spurring the development of scientific and technological work. At present, there are already 83 textile scientific research institutions at the national and provincial and municipal level, and a number of large and medium-sized enterprises have also set up research institutes or laboratories.

CSO: 4006



## INDUSTRY

### BRIEFS

**ANHUI HEFEI LIGHT INDUSTRY**--The Hefei Municipal CCP Committee and the municipal People's Government in Hefei called on the industrial departments to increase the output of highly demanded products in the 4th quarter, including 10,000 cartons of cigarettes, 10,000 wrist watches, 10,000 bicycles, 100 dun of wine, 1,000 dun of cotton yarn, 5,000 dun of rolled steel, 100,000 pieces of garments and 500 dun of plastic products. Their output value can reach a total of 47.1 million yuan, and the state can receive an additional 10 million yuan in tax and profits. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 14 Nov 80 OW]

**GUANGDONG BOOSTS INDUSTRIAL PRODUCTION**--Guangdong has initially readjusted its industrial structure this year and stepped up the development of the light and textile industries. Total value of industrial output from January to the end of November was 9.2 percent higher than in the same period of last year. This included a 15.7 percent increase in light industry, a development speed far exceeding that of heavy industry. According to statistics of departments concerned, the speed of development of the province's light and textile industries this year, including the No 2 light industry system, has consistently exceeded that of all heavy industry sectors. The proportion of light industry in the total industry of the province has increased from 57.5 percent in the same period of last year to 61 percent. In prefectures and municipalities where the proportion of light and textile industries is relatively high, such as Guangzhou Municipality, Foshan and Shantou prefectures, and Foshan, Shantou, Jiangmen, Zhanjiang and Chaozhou municipalities, total value of industrial output from January to November not only exceeded the progress demanded by the year's plan but also greatly increased over the same period of last year. [Text] [HK140652 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 13 Dec 80]

**GUANGDONG COLLECTIVE ENTERPRISES**--Collective-ownership industrial enterprises in Guangdong have worked hard to enliven their production. Total value of their output from January to October was 5.39 billion yuan, 21 percent more than in the same period of last year, and accounting for more than half the total value of industrial output in the province. The proportion of collective industry in the province's industry has risen from 26.4 percent last year to 29.2. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 14 Nov 80 HK]

**GUANGDONG CHEMICAL FERTILIZER OUTPUT**--Small chemical fertilizer plants in Guangdong Province produced 310,000 dun of chemical fertilizer during the first 10 months this year. This output was achieved by their efforts to increase production, improve quality and cut down energy and material consumption. [OW251525 Beijing Domestic Service in Mandarin 0400 GMT 22 Nov 80]

**GUANGDONG SALT DEPOSIT**--Beijing, 16 Nov (XINHUA)--Guangdong Province has discovered a deposit of glauber salt and rock salt on the northern outskirts of its capital Guangzhou, according to the Ministry of Geology. Reserves of 13 million tons of glauber salt and 64 million tons of rock salt have been verified in the deposit, the first discovered in Guangdong Province. The salt is of good quality. The deposit is near the surface and transport facilities are convenient. Glauber salt and rock salt are important raw materials for the chemical industry, and Guangdong Province has long been badly in need of them. [Text] [OW161823 Beijing XINHUA in English 0241 GMT 16 Nov 80]

**GUANGZHOU INCREASES OUTPUT, PROFIT**--Guangzhou Municipal Industry increased output and income throughout the January-November period. According to statistics, total value of output during the period was 11.6 percent greater than in the same period of last year. Industrial profit from January to October was 29.75 percent greater than in the same period of last year. Profits turned over to the state by state-owned industrial enterprises rose by 28.2 percent. At the beginning of the year the municipality designated 61 products as key products for development, including bicycles, sewing machines, wristwatches, perfume, flashlights and knitted goods. The municipal authorities raised 120 million yuan in investment to tap potentials and carry out innovations and reforms in the factories making these products. [Summary] [HK140654 Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 13 Dec 80]

**HEBEI PHOSPHATIC FERTILIZER PRODUCTION**--After Hebei Province fulfilled its quota for the production of 570,000 metric tons of phosphatic fertilizer 110 days ahead of schedule, it overfulfilled its quota for production for 1980 by the end of October. Its actual output was 41.7 percent more than in the corresponding period of last year. The output of standard phosphatic fertilizer in Shijiazhuang Prefecture was 53.2 percent more than in the corresponding period of last year. The province had 120 phosphatic fertilizer plants at and above county level in the first half of last year but, because the positions of these plant premises were irrationally arranged and these plants were poorly managed, the quality of their products was poor and they incurred serious losses. They lost some 16.14 million yuan last year. After readjustment, the province now has only 90 phosphatic fertilizer plants. Although the number of phosphatic fertilizer plants is smaller, enterprise management has been strengthened, output has greatly increased and the quality of products has been improved accordingly. [Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 17 Nov 80 HK]

**HEILONGJIANG CHEMICAL FERTILIZER PLANTS**--During the period from January to September 24 of the 44 small chemical fertilizer enterprises in Heilongjiang Province were closed or merged, and the remaining 20 produced some 7,600 tons more chemical fertilizer than the original 44 did during the whole year of 1979. After the readjustment of the enterprises, the costs of production and fuel, and power consumption have also been reduced. The cost of producing 1 ton of nitrogenous fertilizer has been reduced by 42 percent and phosphate fertilizer by 8 percent. The per-ton coal consumption of synthetic ammonia has been reduced by 33 percent and its electricity consumption by 42 percent. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 11 Nov 80 SK]

**HUBEI INDUSTRY BOOSTS PRODUCTION**--According to HUBEI RIBAO, Hubei has done well in fulfilling industrial plans this year. Total value of output from January to November amounted to 97 percent of the year's plan and was 18.9 percent more than in the same period last year. Output of 40 out of 80 major products has fulfilled or over-fulfilled the year's plan, and output of 34 products increased compared with the same period last year. January-October profits of state-owned enterprises in the province were 24.7 percent greater than in the same period last year. "The development speed of the province's light industry has continued to exceed that of heavy industry. Total value of light industry output from January to November was 21.7 percent greater than in the same period last year and 5.3 percent higher than the heavy industry growth rate. The percentage of value of light industrial output in total industrial output value increased from 46.2 in the same period of last year to 47.4. Due to the change of proportions in light and heavy industry, value of industrial output without any increase in raw material consumption rose by 150 million yuan." The province has continued to improve quality and increase variety of products. Hubei industry has also made efforts to economize energy. Industrial output from the first to the third quarters rose by 23.1 percent, while energy consumption only increased by 15.1 percent. The province saved a total of 570,000 tons of coal, 34,000 tons of oil, 22,000 tons of coke, and 190 million kwh of power. [Summary [KH110427 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 8 Dec 80]

**NATIONAL NITROGEN FERTILIZER EQUIPMENT**--From 5 to 9 November, the Ministry of Chemical Industry sponsored a meeting on the national technical cooperation network of large nitrogen fertilizer equipment in Lanzhou Municipality, Gansu Province. The meeting noted that the 13 sets of imported 300,000-ton synthetic ammonia production equipment and 480,000-ton urea production equipment and other home-made similar equipment, which went into operation between 1976 and 1979, are fairly advanced in the world. However, the meeting said, years of production experience has shown that there are still shortcomings in the equipment. It was for the purpose of improving the management of the large chemical fertilizer production equipment that the Ministry of Chemical Industry established the cooperation network. [Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 14 Nov 80 SK]

**NEI MONGGOL LIME KILN**--The first mechanized lime kiln in Nei Monggol region was put into operation on 19 November at the Nei Monggol construction company. With designed capacity of 100 tons per day, the lime kiln can produce an extra of 20,000 tons of commodity quick lime in addition to meeting the needs of the Nei Monggol construction company every year. [SK231235 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 21 Nov 80 SK]

**SYNTHETIC FIBER CONFERENCE IN SHANGHAI**--Shanghai, 16 Dec (XINHUA)--The national conference on exchanging experience in production in synthetic fiber industry closed in Shanghai on 14 December. The conference held that to effectively solve the clothing problem for China's 1 billion people, it is necessary to further promote the production of synthetic fiber while developing the production of natural fiber. In developing the production of synthetic fiber next year, it is necessary to put the stress on improving the quality of products, increasing the designs and varieties and lowering the consumption of raw materials. The conference was called by the Ministry of Textile Industry. According to the report made at the conference, China has made fairly good progress in the development of synthetic fiber production in the past

few years. The total output of synthetic fiber in China in 1978 was 287,000 dun. It is estimated that the output will reach 420,000 dun by the end of this year, increasing by more than 46 percent over that of the year before last. Attending the conference were some 120 representatives from 24 provinces, municipalities and autonomous regions including Beijing, Liaoning, Shanghai and Sichuan. [Excerpts] [OW161131 Beijing XINHUA Domestic Service in Chinese 0703 GMT 16 Dec 80]

**TIANJIN INDUSTRIALISTS MEETING**--The Tianjin Municipal Branch of the China Democratic National Construction Association and the Tianjin Municipal Federation of Industrialists and Businessmen met 19 November to exchange members' experiences in working for the four modernizations. Former industrialists and businessmen spoke at the meeting. Yang Tianshou, vice chairman of the Tianjin Municipal Branch of China Democratic National Construction Association, urged participants to make new contributions to the four modernizations. [SK220132 Tianjin City Service in Mandarin 0030 GMT 20 Nov 80 SK]

**TIANJIN AUTO INDUSTRY**--Tianjin Auto Industrial Company readjusted enterprises to resume the production of 130-model motor vehicles in 1980. As of early November, this company made a profit twice as much as in the corresponding 1979 period, increased its industrial output value by 44 percent, spare parts by 30 percent and output of 130-model motor vehicles by 5 times. In addition, it also raised its labor productivity by 42 percent. [Tianjin City Service in Mandarin 0030 GMT 23 Nov 80 SK]

CSO: 4006



## CONSTRUCTION

### 'CONGREN RIBAO' DISCUSSES REDUCED SCALE OF CONSTRUCTION

HK060628 Beijing CONGREN RIBAO in Chinese 15 Nov 80 p 1

[Commentator's article: "A Reduction of the Scale of Construction Must Start With Large Projects"]

[Text] This is the second year of the readjustment of the national economy. In the past year and more, all areas and departments of the country have thoroughly upheld the party Central Committee's guidelines for the readjustment of the national economy. In the area of capital construction, they have successively suspended or postponed several hundred large and medium-sized construction projects and several thousand small projects, so that there has been a reduction in the original scale of construction. Nevertheless, in the past 2 years, there have again appeared a great number of large and extra-large construction projects. Overextension in the area of capital construction continues to be a serious matter.

This has become a major problem now confronting us in the readjustment of the national economy. Given the existing scale of construction for large and medium-sized projects, and based on the state's allocation of funds for these projects for the current year, it will take at least 5 or 6 years from next year to complete all of them, even if no more new projects are added. Such a large scale of construction obviously far exceeds the financial and material resources that can be provided by the state. Capital construction investments generally account for around 40 percent of our national expenditure. This is quite a large percentage. We must redress the imbalance in our national economy. We must reduce the rate of accumulation to around 25 percent, dilute and remove the red ink in the balance of payments as quickly as possible and inject life into the national economy. The immediate problem is to show still greater determination in further reducing the scale of capital construction. Otherwise, fighting a continuing war of attrition will put us in an increasingly passive state. Not only will the economy be unstable but it will be difficult to make reforms. The people will also suffer in their standard of living. In a word, the key to the current readjustment of the national economy lies in a reduced scale of construction.

As things now stand, after 2 years of readjustment in the preceding and the current year, a great number of ordinary construction projects have been basically suspended or postponed as they should be. Those that remain are mostly projects urgently needed by localities or by the state, or projects

that are near completion. Not much can be done as far as these projects are concerned. Besides, not much money is to be invested in these remaining projects. Even if a large number of them are further given up, the scale of construction cannot be greatly reduced. Thus, where can "something" be done to reduce the scale of construction? Of the existing projects, there are a great number of large and extra-large ones they involve large amounts of capital and advanced techniques. Some of them were introduced from abroad. Though these projects have been checked and evaluated in the past 2 years, nothing much has been done about them because they concern matters of consequence and call for great caution. According to statistics, by the end of last year, the unfinished large and extra-large projects in the range above 300 million yuan accounted for only around 10 percent of the total number of large and medium-sized projects under construction in the whole country. But in terms of the volume of work being done, they represented over 76 percent of all the large and medium-sized projects under construction. These large and extra-large projects have a great impact. The addition of another such project means the discontinuance of many medium-sized and small projects, while the discontinuance of one of them means the maintenance of a large number of urgently needed projects. Therefore, we must show greater determination in reducing the scale of construction. We must continuously look into ordinary medium-sized and small projects and suspend or postpone those which are not urgently needed. Apart from taking these measures, we must shift the focus of attention to those large and extra-large projects. A reduction of the scale of construction must start with these projects!

Of these large and extra-large projects, many are really urgently needed at present and have been provided with the necessary conditions for their completion. We should continuously pay close attention to working on them. But there are also many projects that are a drain on energy resources. They are "tigers" with a voracious appetite for oil, coal and electricity. As things now stand, they are very likely to be futile exercises, since they are mostly not assured of such necessities as resources, raw materials, fuel, power, communications facilities, transportation, and so forth. Even if brought to completion, these projects will only lie unused. They will be left exposed to the elements and will be good only as showpieces. They contribute nothing to the economy. Their completion will only cause a greater waste of money. This will mean a repetition of the same mistake of the Wuhan Iron and Steel Company with its 1.7-meter rolling mill project. At the recent third plenary session of the Fifth NPC, many deputies raised questions and aired views about the construction work on certain extra-large projects. This fully reflected the voice of the masses of people. Therefore, now is the time for us to show greater determination in making a serious reappraisal beginning with these large and extra-large projects.

These large and extra-large projects call for a great amount of capital, advanced technology and precision equipment and involve a wide scope and complicated conditions. Work has been started on some of them over a fairly long period of time. Greater caution must be exercised in treating them. First, we must bear in mind the adjustment of the national economy as a whole and do what is within our capacity. Those projects that should be discontinued in light of the whole situation must be resolutely stopped. We cannot think only of the benefits of an individual project or stress

only the interests of a certain area or department and refuse to part with it. In fact, these supposed benefits of an individual project and interests of a certain area or department always prove to be [word indistinct], because they depend on the fulfillment of all the requirements linked with a given project. These requirements, as things now stand, can hardly be met. Second, every project must be referred to experts and actual workers in various fields, so that they can make an adequate economic and technical evaluation of whether or not it should be continued or discontinued, of whether it is progressing rapidly or slowly, of its progress based on original plans or reduced scale, and of the various losses liable to be incurred if the project is discontinued. Various programs can also thus be formulated for comparison and selection, so that we can make the best of a bad situation and avoid doing things haphazardly. Third, the discontinuance of a construction project will inevitably cause losses. Especially where technically advanced projects involving a wide scope, a [word indistinct] quantity of equipment, precision instruments and complicated machines are concerned, we must, after their discontinuance, pay proper attention to the maintenance and safekeeping of the equipment, make proper arrangements for the workers and take other necessary measures. The cadres and workers of the units related to these projects should have a high sense of responsibility. They must hold themselves responsible to the state and the people, cut losses to a minimum, and do a proper job of reducing the scale of construction.

CSO: 4006

## CONSTRUCTION

### BRIEFS

**HUNAN CAPITAL CONSTRUCTION PROJECTS**—Since the readjustment of the national economy about 1 year ago, Hunan Province has checked up twice on projects under construction and reduced the amount of investments in capital construction projects by some 860 million yuan. As a result, the number of projects under construction throughout the province has been reduced from 3,292 in 1979 to 2,156 at present. The number of large and medium projects has been reduced from 32 to 15. The investments in electricity, coal and construction materials in capital construction projects account for 90, 77 and 98 percent of the annual quotas respectively. The investments in culture and public health capital construction projects are 3 percent more than the annual quotas. The province has completed construction of residential houses on 1.27 million square meters, some 264,000 square meters more than in the corresponding period of last year. For many years, under the influence of the leftist ideology, the province had not done what it was capable of in capital construction. It had embarked on too many and too large-scale capital construction projects at the same time. This year, the construction of 78 projects, the investments in each of which were more than 100,000 yuan has been suspended or delayed. [Changsha Hunan Provincial Service in Mandarin 1100 GMT 24 Nov 80 HK]

**JILIN HOUSING CONSTRUCTION**—Since the beginning of 1980, Jilin Province has invested some 16 million yuan to build private housing with a total floorspace of some 100,000 square meters. These houses are ready for sale in nine municipalities and eight counties and townships. By the end of October houses with a total 82,000 square meters in floorspace had been sold, thus solving the housing problems of some 2,000 staff households. Buyers who pay cash will enjoy 20 to 30 percent discount. The Changchun Municipal Housing Bureau recently received some 400 buyers of whom 60 had decided to pay cash immediately. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 26 Nov 80 SK]

**SHANDONG CONSTRUCTION PROJECTS**—Construction departments throughout Shandong Province have scored achievements after launching a construction emulation drive. By the end of September, 170 construction projects were evaluated as model ones. The total construction area of these projects reached 339,700 square meters. From January to October, construction departments throughout the province constructed and installed projects worth 590 million yuan, an increase by 10.8 percent over that of the corresponding 1979 period. They raised labor productivity to 3,395 yuan, an increase of 10.4 percent over that of the corresponding 1979 period. The provincial construction commission, the provincial trade union council and the provincial construction project bureau held a meeting recently in Jinan to commend advanced construction departments, exchange their experiences on construction and discuss specific measures in this regard. [Jinan Shandong Provincial Service in Mandarin 2330 GMT 24 Nov 80 SK]



**ZHEJIANG ECONOMIC READJUSTMENT**--Since the beginning of this year, Zhejiang Province has again stopped or suspended the construction of 33 capital construction projects, thus reducing total investment by 180 million yuan. Emphasis on local capital construction has also been readjusted. Agricultural investment has increased to 41.7 percent. Investments in culture, education, public health, and scientific research have increased to 11.1 percent. Investments in urban construction, housing and environmental protection have increased to 10 percent. [Hangzhou Zhejiang Provincial Service in Mandarin 1130 GMT 14 Nov 80 OW]

**ZHEJIANG CAPITAL CONSTRUCTION**--Thirty-three capital construction projects have been suspended or deferred in Zhejiang Province since early 1980, reducing investment by 180 million yuan. The proportion of capital construction investment among all trades has been readjusted. The portion allocated for agriculture has been increased from 28.9 percent in 1979 to 41.7 percent, that for culture, education and scientific research has been increased from 6.9 percent to 11.1 percent, and that for urban construction, workers' housing projects and environmental protection has been increased from 9.3 percent in 1979 to 10 percent. Housing projects covering 1.17 million square meters of floor space were completed in Zhejiang. [Beijing Domestic Service in Mandarin 1200 GMT 17 Nov 80 OW]

**ZHAOQING CEMENT OUTPUT**--As of the end of October, cement plants in the Zhaoqing Prefecture, Guangdong, produced 270,500 metric tons of cement, fulfilling 2 months ahead of schedule their annual cement output quota of 270,000 metric tons and registering a 31 percent increase over the comparable period of 1979. The leadership of Zhaoqing Prefecture has given priority to developing five of 15 cement plants in the area, which have the necessary conditions for expansion. The other 10 plants will also undergo technical reforms by stages. [Guangzhou NANFANG RIBAO in Chinese 27 Nov 80 p 2]

**NEI MONGGOL URBAN CONSTRUCTION**--The Hohhot Municipal People's Government recently held a meeting and set forth five measures for urban construction in Hohhot Municipality. 1) Strictly control population. With 440,000 residents in 1979, Hohhot is allowed to have only 56,000 more during the next 20 years. 2) Strictly control the expansion in the urban area. Hohhot occupied an area of about 52 square kilometers in 1979, close to the future set for 1985. All large and medium-sized industrial construction projects should be built 65 square kilometers away from the urban area. 3) Strictly control the disposal of gas, liquid and solid wastes. Deadlines should be set for plants to modify their chimneys and the like to prevent pollution. 4) Accelerate housing construction. The living area for each resident in Hohhot now is 3.6 square meters. This falls short of meeting the target of 5 square meters per person by 1985. 5) Actively promote comprehensive utilization of urban areas. Preparations should be made to initiate a company to this effect and begin charging for the utilization of urban lands. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Dec 80 SK]

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## DOMESTIC TRADE

### BRIEFS

**GANSU MARKETS**—Gansu Province has progressively developed rural trade fairs and urban farm produce markets following the third plenary session of the party Central Committee. Now the province has 577 rural trade fairs and 31 urban farm produce markets. Both the variety and quantity of products have shown remarkable increase. The prices of many farm produce have declined, especially the price of grain, edible oils and meat which have declined by 2 percent on an average. Wheat is sold at 22 fen per jin in some parts of Hexi area. During the first 9 months of this year, the total sales in the province's rural trade fairs and urban markets reached 160 million yuan, accounting for 8.1 percent of the province's total retail sales of commodities and up 59 million yuan over the corresponding months of 1979. According to incomplete statistics, the province has 18,000 individual businessmen and artisans. [SK271250 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 24 Nov 80 SK]

**BEIJING RETAIL SALES**—The total retail sales of commodities in Beijing reached some 540 million yuan as of October, an increase of 5 percent over the corresponding 1979 period. Departments concerned said that in 1980 the total retail sales of commodities in Beijing as a whole is expected to be a record 6 billion yuan. [SK220046 Beijing City Service in Mandarin 1030 GMT 18 Nov 80 SK]

**HENAN TRADE MARKETS**—Urban and rural trade markets in Henan have done lively business this year. Total business at the markets from January to October amounted to 1.5 billion yuan, equivalent to the total for the whole of last year and accounting for about 15 percent of commodity retail sales in society this year. Total business at agricultural and sideline product markets in 16 municipalities rose by 63 percent over last year. [HK220823 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 18 Nov 80]

**SHANGHAI MANUFACTURED GOODS**—According to the Shanghai Branch of the XINHUA NEWS AGENCY, by 15 November Shanghai had fulfilled the annual plan for the delivery of commodities out of the city. The total volume of manufactured goods delivered to Beijing, Liaoning, Heilongjiang, Shaanxi, Nei Monggol and other provinces, municipalities and autonomous regions this year topped the same period last year by 5.5 percent. Shanghai's commercial departments have helped factories overcome the shortage of raw materials in the production of manufactured goods for daily use and have coordinated efforts with transportation departments to expedite delivery. [Shanghai City Service in Mandarin 1130 GMT 24 Nov 80 SK]

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## FOREIGN TRADE

### PRC ORGANS HELP IMPORT TECHNOLOGY, PROMOTE TRADE

OW131641 Beijing XINHUA Domestic Service in Chinese 1302 GMT 11 Dec 80

[Text] Beijing, 11 Dec (XINHUA)—The Standing Committee of the Central Committee of the China Democratic National Construction Association and organizations of All-China Federation of Industry and Commerce in all localities have started to do liaison work and played an active role in importing technology and promoting foreign trade.

Since the organizations of the China Democratic National Construction Association and All-China Federation of Industry and Commerce in all localities held their respective national congresses in October last year, they have fully used their favorable conditions to actively make contacts with compatriots in Hong Kong and Macao, Taiwan compatriots, overseas Chinese and foreign industrialists and businessmen and, according to the needs of the state and the request of the other parties, establish contact with departments concerned to import advanced technology, promote foreign trade and joint venture, carry out technical exchange and introduce information and data. They have played the role of "go-between."

Initial statistics show that the Standing Committee of the China Democratic National Construction Association and All-China Federation of Industry and Commerce have maintained ties with 56 companies in Hong Kong and foreign countries, covering 102 trade items, 6 academic and technical exchange items and 13 joint venture and technological import items. The organizations of the association and federation in Shanghai Municipality got in touch with over 200 Hong Kong and overseas Chinese businessmen and foreign businessmen from February last year to October this year. Over 60 of them were introduced to departments concerned to hold trade talks. The 22 items on which agreements were reached included garments, textile, electronic products, hardware and machinery, livestock product processing, handicrafts and transaction on credit.

To promote China's scientific and technological development, organizations of the association and the federation in some places have come in contact with overseas Chinese and foreign scholars and experts introduced by members of the association and the federation and invited them to give lectures and make technical exchange in our country. The two organizations in Guangzhou Municipality have introduced 65 technical experts, invited them to come to China to conduct technical exchange and helped foreign firms sponsor large scientific and technological exhibitions and technical exchange meetings in China. They are all welcomed by scientific and technical personnel in China.

To further do liaison work well, the China Democratic National Construction Association and the All-China Federation of Industry and Commerce held a liaison work discussion meeting attended by members of the two organizations in some provinces and municipalities from 4 to 10 December. The meeting exchanged the experience in doing liaison work in all places and aired ideas about the work in future.

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## FOREIGN TRADE

### BRIEFS

**BEIJING, JAPANESE COMMERCE-INDUSTRY CLUB**--Beijing, 11 Dec (KYODO)--A Beijing-Japanese commerce and industry club was established here Wednesday at a meeting attended by some 100 representatives of Japanese enterprises and organizations. The club is aimed at promoting contacts among representatives of Japanese firms and business organizations stationed in Beijing, commercial activities and Sino-Japanese economic exchanges. Such functions as lecture meetings and meetings with Chinese economic officials will be held by the club. As of December 1, there were 170 representatives of 101 Japanese firms stationed in Beijing on long-term visas. There are an estimated 400 representatives of 150 firms and organizations if those staying on short-term visas are included. [OW110035 Tokyo KYODO in English 0020 GMT 11 Dec 80]

**PRC DRY CELL PLANT**--Osaka, 6 Dec (KYODO)--Matsushita Electric Industrial Co said Saturday it will export to China a plant for producing dry cells. The plant, to be installed in Shanghai, will start production in the spring of 1983 with an annual capacity of 70 million dry cells. The company has already concluded contracts on exports of three plants to China, including a color television set assembly plant, to help the country develop its electronic parts industry. Matsushita is also planning to set up a joint venture with China, it said. [Text] [OW081501 Tokyo KYODO in English 0109 GMT 6 Dec 80]

**PHOTOCOPY MACHINE SERVICING**--Tokyo, 15 Dec (KYODO)--A medium-sized Japanese trading firm has established a service center for Konishirodu Photo Industry Co's copying machine called "U-Bix" in Shanghai, the first of its kind in China. Tokyo Boeki Ltd said Monday it has taken the step in hopes of increasing exports of such machines now more than 1,000 units since the trading firm started exporting U-Bix in 1976. Konishiroku has the largest share in the Chinese market for copying machines. Tokyo Boeki invested yen 17 million in the establishment of the center which will be manned by 20 Chinese engineers trained in Japan. Tokyo Boeki plans to establish similar centers in Beijing, Guangdong and Dalian in the next fiscal year. The center will be operated by Shanghai Foreign Trade Corp and Shanghai Cinema and Photo Material Industry Corp. [Text] [Tokyo KYODO in English 0331 GMT 15 Dec 80 OW]

**BANK CARD SERVICE**--Nagoya, 13 Dec KYODO--Million Card Service Co said Saturday it has started a cash advance service which permits each cardholder to borrow up to 1,500 Chinese yuans (some yen 230,000) at the Guangzhou branch of the Bank of China. The credit card firm, a subsidiary of Tokai Bank Ltd, signed the business-affiliation

agreement providing for the service on 1 December. Each loan is to be repayed within 55 days from the cardholder's account. Guangzhou is a provincial capital in southern China where trade fairs are held every year. [Text] [Tokyo KYODO in English 0232 GMT 13 Dec 80 OW]

FORKLIFT AGREEMENT--Tokyo, 15 Dec KYODO--Mitsubishi Heavy Industries Ltd said Monday it has concluded an all-inclusive technical cooperation agreement with China's Beijing forklift works for production of small-size forklift trucks. Under the 5-year agreement, Mitsubishi will provide production know-how on forklifts in the 1 to 5-ton class to the works, company officials said. Mitsubishi will also help the Beijing works improve its production facilities and train Chinese technicians at its Sagami-hara plant in Kanagawa Prefecture, they added. [Text] [Tokyo KYODO in English 0251 GMT 15 Dec 80 OW]

GUANGDONG SHENZHEN SPECIAL ZONE--Many foreign companies and corporations have submitted applications for opening businesses in Shenzhen special zone in Guangdong. As of 19 October, the departments concerned in Shenzhen received 270 corporations and 350 individual businessmen over the space of 1 month, and signed 19 agreements. Many other agreements will be signed later. [Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 26 Oct 80 HK]

SHANGHAI IMPORTED GOODS--The Shanghai Commodity Inspection Bureau has strengthened the examination of imported goods into the Shanghai area. According to recent preliminary statistics, in 1979 foreign companies paid compensation of more than 8.3 million U.S. dollars for quality, weight and other violations of foreign trade contracts. [Shanghai City Service in Mandarin 2300 GMT 24 Nov 80 OW]

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## LABOR AND WAGES

### BRIEFS

**GUANGDONG UNEMPLOYMENT FUNDS**—The Guangdong provincial finance department has allocated 10 million yuan of capital to speed up the work of finding jobs for the urban unemployed. This has been done in accordance with a provincial people's government decision. This comes on top of the 5 million yuan previously allocated this year for the purpose. The money will be used to support the urban areas in setting up collective-ownership enterprises to provide jobs for unemployed youths, and also to set up enterprises organized by the unemployed themselves. Where these units lack sufficient capital, they can apply for loans to the local labor departments. The loans will in general be for terms of 1 or 2 years and will be interest-free.  
[Guangzhou Guangdong Provincial Service in Mandarin 1120 GMT 13 Nov 80 HK]

**JILIN JOBLESS YOUTHS**—In 1979 Jilin Province created jobs for more than 400,000 youths awaiting job assignments. During the first 10 months of 1980, the province employed 160,000 youths. Over the past 2 years, the province has set up 3,290 collective enterprises which provide jobs for 320,000 youths. A total of 17,000 youths have provided jobs for themselves by developing individual economic entities.  
[Changchun Jilin Provincial Service in Mandarin 1100 GMT 23 Nov 80 SK]

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## TRANSPORTATION

### VOLUME OF SHIPPING IN CHANGJIANG TO DOUBLE IN 10 YEARS

Hong Kong CHING-CHI TAO-PAO in Chinese 29 Oct 80 pp 4-5

[Article: "Chiangjiang Shipping To Be Fully Developed; Interview With First Vice-Minister of Communications Peng Deqing"]

[Text] In a recent interview, Peng Deqing, first vice minister of communications, predicted that shipping along the Changjiang will be fully developed in the coming decade to serve socialist construction. It is estimated that the current volume of shipping along the Changjiang waterways will double by 1990, reaching a total of 500 million tons and surpassing that of the Mississippi River. The volume of freight shipment will increase from 45 million tons to more than 100 million tons. The tonnage of vessels navigating the Changjiang will increase within a decade from 2.5 million to 4 million tons.

According to Peng Deqing, the Changjiang, known as the "golden waterway," is an extraordinary river system with natural navigation potential. Vice Minister Peng believes the Changjiang has at least four advantages:

1. It is our country's largest river, and the main artery of inland waterway shipping. Rising in the Tangula mountain range of the Qinghai-Xizang plateau, it flows through nine provinces--Qinghai, Xizang, Sichuan, Yunnan, Hubei, Hunan, Jiangxi, Anhui, and Jiangsu--before it empties into the East China Sea near Shanghai. It drains an area of more than 1.8 million square km populated by more than 300 million people with some 400 million mu of arable land. Over 6,300 km long, it is the world's third longest river, surpassed only by the Amazon in South America and the Nile in Africa. Over 3,000 km of its course is accessible to ships and lighters. It has 700 tributaries, never dries up or freezes, and is navigable all year round.
2. Its main navigable course covers Sichuan, Hubei, Hunan, Jiangxi, Anhui, Jiangsu, and Shanghai, which are all densely populated and rich in mineral deposits and agricultural produce. There are many big cities along the river dominated by industry, even though agriculture also flourishes. It has access to several major railroads, such as the Beijing-Shanghai, Beijing-Guangzhou, Chengdu-Kunming, and Jiaozou-Liuzhou lines. With abundant commodities for transshipment, extensive utilization of Changjiang shipping is vital to the development of agricultural production in the provinces drained by the river.
3. The Changjiang waterway, which can handle a tremendous volume of shipping at low cost requires very little capital investment and saves energy. A tugboat flotilla on the Changjiang can ship the same quantity as three or four trains. With shipping



costs about one-third of the figure right after liberation, shipping commodities by the Changjiang waterway helps cut down the cost of agricultural production.

4. Staffed with more than 6,000 technical personnel of all kinds and good shipping facilities, the Changjiang shipping service has increased its shipping capacity 12-fold since liberation. All 10,000-ton ships now can sail under the Changjiang bridge at Nanjing all year round. All 5,000-ton ships can sail up to Wuhu and farther up to Jiujiang and Wuhan during the flood season. All 3,000-ton ships can reach Wuhan and Zhonglingji. Years of construction have made all ports along the middle and lower reaches of the Changjiang well equipped for shipping. Zhangjiagang and Nantonggang in Jiangsu have berths for 10,000-ton ships, while the port of Nanjing is equipped to load and unload 10,000-ton ships.

According to this responsible official, the Changjiang Navigation Administration has already established branch offices at Chongqing, Wuhan, Nanjing, and Shanghai, along with 25 port authorities to serve the main waterways. If the Changjiang were utilized to the fullest extent of its superior facilities, it would serve as effectively as 20-30 railroads of equal length. However, due to disruptions by Lin Biao and the "gang of four," the importance of Changjiang shipping had been so downgraded all those years that vehicular transport rather than shipping has been the focal point of interest in communications and transportation construction, while water conservancy instead of shipping has dominated the use of water resources. Moreover, the Changjiang Navigation Administration was far from being sound and efficient. "Feudalist separatism" which segregated various sectors along the waterway has hindered through-shipping between the main waterway and its tributaries on the one hand and between the river and the sea on the other. Weak in business management, the Changjiang Navigation Administration was also short of ships. All these factors have retarded the most effective exploitation of the potential of Changjiang shipping.

Peng Deqing said the State Council will correct the tendency to rate vehicles above ships, roads above waterways, and water conservancy above navigation as it reorganizes the communications system of our country. This will lead to better use of the potential of the Changjiang. Guided by a program "to exploit potential, safeguard competition, and promote concerted action," local initiative and concerted action between central and local agencies will be encouraged in managing shipping along the Changjiang. While enforcing uniform regulations of shipping on the Changjiang, ships of the various provinces and municipalities are allowed to navigate the waterway. This is the only way to utilize the Changjiang river system fully.

It is known that since the State Council opened the ports along Changjiang to foreign trade last February, the S.S. "Yuhua," a seagoing liner of Jiangsu Province, has plied between Nanjing and Hong Kong five times. This helps free imports and exports of Jiangsu from the trouble of having to be transhipped at Shanghai. The China Seagoing Shipping Company's Jiangsu branch, which has ships plying between Nanjing and Hong Kong, is a joint central-local enterprise organized in the early part of this year by the Ministry of Communications and the Jiangsu Provincial People's Government.

On the question of "safeguarding competition and promoting concerted action," he said that to safeguard competition is to promote concerted action and exploit potential in order to develop productivity. Unlike cutthroat competition in capitalist society, this kind of competition under the guidance of state plans is beneficial

to our national economic construction. Although we take into consideration local initiative in the development of production, sound economic development requires the kind of competition that bans monopoly by any sector or trade. Apart from ships owned by the Changjiang Navigation Administration, assistance should be extended to shipping on waterways developed by the localities. He said the Changjiang Navigation Administration will organize a foreign trade shipping company, with such provinces as Sichuan, Hubei, Hunan, Anhui and Jiangxi as shareholders. The company will be run by the Changjiang Navigation Administration, though any province may subscribe for shares. Dividends, if any, will be paid in foreign exchange to the shareholders. In a word, competition should contribute to the development of the national economy. It must be conducive to concerted action and assistance to local and collective enterprises.

With regard to the expansion of foreign trade by the provinces, municipalities, and autonomous regions, this responsible official of the Ministry of Communications said that the opening of Zhangjiagang, Nantong, and Nanjing in Jiangsu, Wuhu in Anhui, Jiujiang in Jiangxi, Wuhan in Hubei, Zhenglingji in Hunan, and Chongqing in Sichuan to foreign trade last March has made it possible for the exports of all provinces along the Changjiang to go by through shipment to foreign countries or Hong Kong. This has accelerated the movement of both exports and imports. Before these major ports along the Changjiang were opened to foreign trade, exports of all provinces along the river had to be transshipped at Shanghai or by train to Hong Kong. Shipments by train or by boat through coastal ports are always jammed. As a result, there is an annual backlog of commodities waiting to move out. According to him in 1979, the six provinces along the Changjiang exported a total of 3.34 million tons of commodities, and the volume will increase by 50 percent in 1980. The volume of shipments will increase several times between now and 1985.

To foster navigation and shipping on the Changjiang, he said, port construction and administration will be strengthened in the coming decade. Apart from the eight existing deepwater berths along the lower reaches of the Changjiang east of Nanjing, 30 more berths will be built at Nanjing, Zhangjiagang, and Zhenjiang. Major port construction along the middle reaches of the Changjiang will be undertaken at Wuhan, even though ports at Chongqing, Wuhu, and Jiujiang will be built, too. The construction jobs will cover dredging the waterway at its upper reaches, removing shoals which obstruct navigation at its lower reaches, and dredging the estuary where the Changjiang empties into the sea. All mechanized loading and unloading facilities will undergo technological innovations to provide streamlined shipping services. To improve passenger service in order to meet the needs of expanding passenger traffic and tourism, passenger piers and facilities will be built at Wanxian, Yichang, Shashi, Wuhan, Jiujiang, Wuhu, Maanshan, and Nanjing.

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## TRANSPORTATION

### NAVIGATIONAL TECHNICIANS MEET IN BEIJING 1-6 DECEMBER

OWO70417 Beijing XINHUA Domestic Service in Chinese 1417 GMT 6 Dec 80

[Excerpts] Beijing, 6 Dec (XINHUA)--The conference of representatives of navigational technicians, which ended in Beijing today, pointed out that under present circumstances, it is necessary to further eliminate the influence of left-devisionist thinking and line and promote the development of navigational undertakings by observing China's actual conditions and economic laws so as to make China's navigational undertakings meet the needs of socialist modernization.

The conference was convened on 1 December by the Ministry of Communications. The representatives recalled the development of China's navigational tasks. At present, the number of China's coastal ships is 7.9 times that in 1952; the volume of freight and the number of passengers transported between January and October this year are 11.3 and 30 times respectively over those in 1952.

By now China has more than 400 ocean freighters whose deadweight tonnage exceeds 7 million metric tons. Over 70 percent of China's foreign trade cargo is handled by Chinese freighters. This has changed the situation of China's foreign trade transportation having to rely mainly on rented foreign ships and has drastically cut down on spending the country's foreign exchange. Since China's fleet of ocean freighters was founded, it has delivered dozens of billions of yuan in profits and taxes to the state.

The participants to the conference pointed out that China's navigational undertakings should continue to develop appropriately in the course of readjustment in line with state policy on giving priority to the development of energy, communications and transportation. Therefore, it is necessary to display the spirit of developing undertakings through hard work, actively carry out technical innovations and technical reforms, improve management and administration work and pay attention to safety in production and to energy conservation. Last year, China's shipping departments saved 210,000 metric tons of fuel oil. They saved 200,000 metric tons in the first 10 months of this year.

The conference called on staff members and workers of shipping departments throughout the country to display their wisdom and talent, to study hard, dare to make new inventions and make greater contributions to speeding up the modernization of China's navigational undertaking.

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## TRANSPORTATION

### BRIEFS

**SHANDONG RAILWAY CONSTRUCTION**--Five sets of railroad tracks were laid and opened to traffic recently between Zihedian and Putong stations on the Jiaoji railway in Shandong Province. Multiple tracks between Gaomi and Kangjiazhuang stations are also under construction. [SK271257 Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Nov 80]

**YUNNAN-XIZANG RAILWAY PLANNING**--The railway engineering committee of the Chinese Railway Association and the Sichuan Provincial Railway Association held an academic meeting in Chengdu from 12 to 17 November on surveying and selecting the routing of the Yunnan-Xizang railway. Professors, researchers, experts and engineers from 30 units all over the country attended the meeting. The participants discussed how to overcome difficulties posed by blizzards, glaciers, landslides and terrestrial heat along the route, and explored routing schemes and major technological criteria. They also exchanged experiences in progressive survey technology such as the use of lasers. They put forward a number of valuable opinions on future construction and design of the railway. [Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 19 Nov 80 HK]

CSO: 4006



## GENERAL

### 'GONGREN RIBAO' ON RISE OF WORKERS' LIVING STANDARDS

OW121217 Beijing XINHUA Domestic Service in Chinese 1130 GMT 11 Dec 80

[Excerpts] Beijing, 11 Dec (XINHUA)—GONGREN RIBAO today published on its second page two investigation reports on workers' life in Tianjin Municipality and Heilongjiang Province under the headline "Workers' Life as Seen From Two Investigation Reports." The paper also published an editor's note.

The report "Investigation on Tianjin Municipal Workers' Life" says: The general trend in the life of Tianjin Municipal workers in recent years shows an increase in income, an improvement in living standards and a decrease in the number of families with material difficulties.

The report "Investigation on Workers' Life in Heilongjiang Province" says: Last April, Heilongjiang provincial units concerned conducted a sample survey on the first quarter income and expenses of 12,130 workers' household in Harbin, Qiqihar, Daqing, Hegang, Yichun, Mudanjiang, Jiamusi, Suihua, Acheng and Nehe. The survey shows various changes in family income as compared with 1977. These changes include an increase in people employed, a rise in living standards, an increase in the ratio of bonus and various subsidies causing structural changes in workers' income, an increase in per capita income, a decrease in the number of workers' families in the low income bracket and a slight improvement in housing conditions.

The editor's note says: Since the smashing of the gang of four, and especially since the 3d plenary session of the 11th CCP Central Committee, the party and government have made vigorous efforts to improve the people's life and to seriously fulfill their promises made years ago. With the rehabilitation and development of the national economy, the workers' life has improved. In addition to the improvement of life in general as a result of the government's efforts to build houses, improve transportation and undertake other collective welfare projects, the workers' personal income has also shown increases. The surveys conducted on selected workers in Tianjin Municipality and Heilongjiang Province provide a convincing proof on this.

However, generally speaking, the living standards of the workers in our country are still very low. In recent years the imbalance between accumulation and consumption has caused increases in commodity prices, especially in the increase of daily necessities, either overt or covered. These increases have caused the decline of

the workers' wages in real terms. There are still a considerable number of worker families with material difficulties, and housing shortages are still a serious problem affecting the workers' life. This state of affairs is caused by our country's weak economic foundation, its large population and its backward economy, coupled with the sabotage by the counterrevolutionary cliques of Lin Biao and Jiang Qing, which brought our national economy to the brink of collapse. As a result, many of our promises to improve the people's life have not been fulfilled. Although our economy has taken a turn for the better in recent years, this change is in the nature of recovery. The problems affecting the people's living accumulated over the years cannot be resolved at one stroke, and the steps to improve living standards cannot be too drastic.

The editor's note says: The standard of living is decided by the level of production. An improvement in the standard of living cannot be achieved in separation from the development of production. Improvement in the standard of living and the development of production are mutually complementary and promotive. In the current economic readjustment, our country is resolutely scaling down the capital construction front, reducing the ratio of accumulation and changing past longstanding and lopsided emphasis on the "bone"—accumulation—to the negligence of "flesh"—consumption. The purpose of so doing is to ensure a gradual improvement of the people's living standards on the basis of production growth by correctly treating the relationship between production and living.

The editor's note says: There are many aspects in the workers' life that need improvement. This requires the efforts of all quarters and overall consideration and all-round arrangement. The actual living standards of the people are decided to a great extent by the price of consumer goods. An important condition to ensure against the decline of the workers' living standards in real terms is the stabilization of commodity prices by effective measures. It is necessary to resolutely stop the erroneous practice of seeking to increase profits through price rises instead of through improvement of enterprise management. It is necessary to increase production and lower prices by every means in order to ensure an actual increase in the workers' living standards.

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GENERAL

ZHEJIANG HOLDS FIRST ECONOMIC INVESTIGATION WORK MEETING

OW262130 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 26 Nov 80

[Text] According to a report by this station, the people's procuratorates at all levels in the province have conscientiously carried out economic investigation work. From January to September this year, a total of 738 cases of various economic crimes were received for handling, 107 economic criminals were arrested according to law and 270,000 yuan of loot money was recovered. To sum up and exchange the experiences of the various localities in carrying out economic investigation work and in studying the question of how to further carry out in an all-round way the economic investigation work in the new situation, the provincial people's procuratorate recently held the province's first forum on economic investigation work.

The forum pointed out: With the daily development of the socialist economic construction, to safeguard the four modernizations and carry out struggle against criminal activities in the economic sphere have become very pressing and important tasks for the procuratorate organizations. Currently law breaking and criminal activities in the province's economic sphere are still considerably serious, and corruption, bribery, accidents involving important responsibilities, and illegal and unscrupulous felling of trees are relatively prominent. The economic investigation organizations in all localities should persist in seeking truth from facts, be more thorough in investigations and study, strengthen the study of policies and law, study the new situation and solve the new problems. They should use the law correctly, distinguish clearly between the criminal and the innocent and place emphasis on attacking those economic criminals whose criminal responsibilities should be thoroughly investigated.

The forum also called on economic investigation organizations at all levels to actively help all enterprises, establishments and units set up and perfect various systems of economic management to eliminate flaws in rules and regulations. With regard to cadres and masses, it is necessary to educate them to adhere to discipline and observe the law, to resolutely expose and report all criminal activities and to persistently carry out struggle against all kinds of criminal activities in the economic sphere so as to guarantee the smooth progress of the four modernizations.

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## GENERAL

### BRIEFS

**ANHUI EX-CONVICT TECHNICIANS**--The Jianghuai motor vehicle manufacturing plant in Hefei, Anhui Province, not long ago employed 44 ex-prisoners who had served their prison terms and awaited employment. They are serving as engineers, skilled technicians, assistant engineers and mechanics and are paid as such. The plant was formerly a labor-reform enterprise under the public security department. About a quarter of its 3,200 employees are ex-prisoners and happen to be backbone production workers. Politically and economically, they are given equal treatment with all other employees. The recently employed ex-prisoners support the party's leadership and socialism and are college graduates or are as capable as college graduates. [Hefei Anhui Provincial Service in Mandarin 1100 GMT 20 Nov 80 OW]

**QINGHAI MALPRACTICES**--QINGHAI RIBAO carried letters from readers on 20 November revealing the (Mafang) flour mill has engaged in malpractices and refuse to correct its ways since 1978. The letters stated that this mill sells low quality flour to markets, sells its best quality flour to its own staff members and workers and covertly sells second quality flour to certain privileged persons. Letters urged departments concerned to deal with this problem and called on the masses to fight against such malpractices as seeking privileges. [Xining Qinghai Provincial Service in Mandarin 2330 GMT 19 Nov 80 SK]

**SHAANXI QUALITY RALLY**--The Shaanxi Provincial People's Government held a rally in Xian on 18 November to present awards for successes in the 1980 "Quality Month." Hui Shigong, He Chenghua and other responsible comrades of the provincial CCP committee and people's government attended the rally and presented awards and citations. Vice Governor He Chenghua delivered a summation speech. He said that 187 enterprises in the province have now instituted all-round quality control, and many successes have been achieved in improving quality. However, the province still lags far behind advanced provinces and municipalities, and still greater effort is needed to improve product quality. [Xian Shaanxi Provincial Service in Mandarin 1100 GMT 19 Nov 80 HK]

**SHAANXI RELIEF FUNDS**--The Shaanxi Provincial People's Government has allocated 2.4 million yuan in relief funds and 2 million meters of cotton cloth and 350,000 jin of cotton to help disaster areas and people living in poverty solve their winter clothing and bedding problem. [Xian Shaanxi Provincial Service in Mandarin 2300 GMT 22 Nov 80 HK]



**TIANJIN SMUGGLING RING**--The Tanggu Branch Office of the Tianjin Customs recently cracked down on a smuggling ring and confiscated smuggled goods, including over 500 wristwatches, 100 silver coins and 4 liang in gold and 100,000 yuan in cash. The 20 smugglers in the ring included cadres, workers, peasants, soldiers, and jobless youths. The ring had been active since 1979 in seven big cities--Guangzhou, Shanghai, Beijing, Tianjin, Wuhan, Shenyang and Mudanjiang. According to a station commentary, in the first 9 months of 1980, smuggling cases in Tianjin increased by 37.5 times over that of the corresponding 1979 period. [Tianjin City Service in Mandarin 0030 GMT 16 Nov 80 SK]

**YUNNAN RURAL HOUSING CONFERENCE**--The Yunnan Provincial People's Government recently held a work conference on rural housing. The meeting called for efforts to improve rural housing conditions. The meeting summed up past experiences in rural housing construction and arranged for future tasks. The meeting held: rural housing conditions have improved in our province since the liberation, however, peasants still face housing and sanitary problems. Conditions are even poorer in the hilly areas and minority nationalities areas. Thus, we must: 1) Seriously understand the importance of rural housing; 2) motivate activities on the part of the collectives and individuals; 3) seriously promote design of houses; 4) economize on the use of land; and 5) economize on construction materials. The meeting finally demanded that all leaders must strengthen leadership over rural housing construction to change the backward situation. [Kunming Yunnan Provincial Service in Mandarin 1100 GMT 22 Nov 80 HK]

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